

**DRAFT ANNUAL BUDGET OF**  
**Bitou Municipality**



**2014/15 TO 2016/17**  
**MEDIUM TERM REVENUE AND**  
**EXPENDITURE FORECASTS**

**Copies of this document can be viewed:**

- In the foyers of all municipal buildings
- All public libraries within the municipality
- At [www.bitou.gov.za](http://www.bitou.gov.za)

## Table of Contents

<b>PART 1 – ANNUAL BUDGET</b>	<b>1</b>
1.1 MAYOR'S REPORT	1
1.2 DRAFT COUNCIL RESOLUTIONS	6
1.3 EXECUTIVE SUMMARY	7
1.4 OPERATING REVENUE FRAMEWORK	9
1.5 OPERATING EXPENDITURE FRAMEWORK	19
1.6 CAPITAL EXPENDITURE	23
1.7 ANNUAL BUDGET TABLES - MUNICIPALITY	26
<b>2 PART 2 – SUPPORTING DOCUMENTATION</b>	<b>45</b>
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	45
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	46
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	50
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	57
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	62
2.6 OVERVIEW OF BUDGET FUNDING	64
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	77
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	79
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	81
2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	88
2.11 CAPITAL EXPENDITURE DETAILS	88
2.12 LEGISLATION COMPLIANCE STATUS	97
2.13 OTHER SUPPORTING DOCUMENTS	99
2.14 MUNICIPAL MANAGER'S QUALITY CERTIFICATE	105

## List of Tables

Table 1 Consolidated Overview of the 2014/15 MTREF	8
Table 2 Summary of revenue classified by main revenue source	9
Table 3 Percentage growth in revenue by main revenue source	10
Table 4 Operating Transfers and Grant Receipts	11
Table 5 Comparison of proposed rates 2014/2015 to levied for 2013/14	13
Table 6 Proposed Water Tariffs	13
Table 7 Comparison between current water charges and increases (Domestic)	14
Table 8 Comparison current vs. new electricity charges (Domestic up to 60A connection)	14
Table 9 Comparison between current sanitation charges and increases	15
Table 10 Comparison between current sanitation charges and new, per consumer type	16
Table 11 Comparison between current waste removal fees and increases	17
Table 12 MBRR Table SA14 – Household bills	18
Table 13 Summary of operating expenditure by standard classification item	19
Table 14 Operational repairs and maintenance	22

Table 15 Repairs and maintenance per asset class .....	22
Table 16 2014/15 Medium-term capital budget per vote .....	24
Table 17 MBRR Table A1 - Budget Summary .....	27
Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	29
Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote).....	31
Table 20 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure) .....	32
Table 21 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source .....	35
Table 22 MBRR Table A6 - Budgeted Financial Position .....	37
Table 23 MBRR Table A7 - Budgeted Cash Flow Statement .....	39
Table 24 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation .....	40
Table 25 MBRR Table A9 - Asset Management.....	41
Table 26 MBRR Table A10 - Basic Service Delivery Measurement.....	43
Table 27 IDP Strategic Objectives.....	47
Table 28 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue .....	49
Table 29 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	50
Table 30 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure.....	50
Table 31 MBRR Table SA7 - Measurable performance objectives .....	52
Table 32 MBRR Table SA8 - Performance indicators and benchmarks .....	53
Table 33 Breakdown of the operating revenue over the medium-term .....	66
Table 34 Proposed tariff increases over the medium-term.....	68
Table 35 MBRR SA15 – Detail Investment Information .....	68
Table 36 Sources of capital revenue over the MTREF .....	69
Table 38 MBRR Table SA 17 - Detail of borrowings.....	70
Table 39 MBRR Table SA 18 - Capital transfers and grant receipts.....	71
Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation .....	73
Table 41 MBRR SA10 – Funding compliance measurement .....	75
Table 42 MBRR SA19 - Expenditure on transfers and grant programs.....	77
Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds .....	78
Table 44 MBRR SA22 - Summary of councillor and staff benefits.....	79
Table 45 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers) .....	80
Table 46 MBRR SA24 – Summary of personnel numbers .....	81
Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure.....	82
Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	83
Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification) .....	84
Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote).....	85

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification) .....	86
Table 52 MBRR SA30 - Budgeted monthly cash flow .....	87
Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class .....	89
Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class .....	90
Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class .....	91
Table 56 MBRR SA34d - Depreciation by asset class .....	92
Table 57 MBRR SA35 - Future financial implications of the capital budget.....	93
Table 58 MBRR SA36 - Detailed capital budget per municipal vote.....	94
Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance.....	99
Table 60 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department) .....	102
Table 61 MBRR Table SA3 – Supporting detail to Statement of Financial Position.....	103
Table 62 MBRR Table SA9 – Social, economic and demographic statistics and assumptions .....	104

## List of Figures

Figure 1 Main operational expenditure categories for the 2014/15 financial year .....	21
Figure 2 Capital Infrastructure Program .....	26
Figure 3 Expenditure by major type .....	34
Figure 4 Depreciation in relation to repairs and maintenance over the MTREF.....	42
Figure 5 Planning, budgeting and reporting cycle.....	51
Figure 6 Breakdown of operating revenue over the 2014/15 MTREF.....	67
Figure 7 Sources of capital revenue for the 2014/15 financial year.....	69
Figure 8 Growth / Decline in outstanding borrowing (long-term liabilities).....	71
Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds .....	74

## Annexures

Annexure A - Draft Rates, Tariffs and fees for 2014/2015

Annexure B - Policies for revision



## Abbreviations and Acronyms

AMR	Automated Meter Reading	LED	Local Economic Development
ASGISA	Accelerated and Shared Growth Initiative	MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CM	City Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NDP	National Development Plan
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kℓ	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

Honourable Speaker, Leader of the Opposition, Honourable members of the mayoral committee and all Councilors, municipal manager, directors, guests, ladies and gentlemen, I greet you all.

Speaker, I am honoured and privileged to stand before this Council to table for the third time a draft MTREF (medium term revenue expenditure framework) for Bitou Municipality. The MTREF gives direction to this municipality on how as a municipality we will realize the imperatives that was defined and articulated at the November 2013 Council Strategic session, which amongst others speak to inclusive economic growth that would provide sustainable jobs, broaden the local tax base and improving our revenue, premised on the successful implementation and execution of the thirteen (13) catalyst projects. A critical consideration of this inclusive economic growth would be to position Bitou as an investment destination of choice, enhance our tourism potential, diversifying the local economy and changing the ownership patterns within the current primary and secondary sectors of the economy in accordance to the national imperatives.

#### **Inclusive Growth**

We must all recognize that promoting economic development in the Bitou area necessitates an informed consideration of the global, national, provincial and regional economic environment. The recent global economic downturn and subsequent recovery, thus impacts on the local growth and development direction. By implication any focus on local socio-economic issue will not be adequately contextualized if the open nature of the economy is neglected. The importance of tourism for the Bitou municipality therefore informs the focus on inclusive growth.

'Inclusive growth' is a concept that has become a central concern in the international development literature in recent years. Although it is often used interchangeably with other terms like 'broad-based growth', 'shared growth' and 'pro-poor growth', the concept has a specific meaning that is distinct from the other terms mentioned here. Inclusive growth emerged from the pro-poor growth literature (Kakwani and Pernia, 2000) in an attempt to emphasize that, in order to reduce poverty in sustainable manner; the poor must be enabled to be actively involved in economic growth. Over time "the notion of participation in and benefitting from the growth process identified with inclusiveness came to be seen as related to, yet distinct from, pro-poor growth, pertaining to a broader concept of inclusive growth" (Ranieri and Ramos, 2013).

In a world bank working paper (Lanchovichina and Lundstrom, 2009) inclusive growth is defined as growth that is sustainable because it is "broad-based across sectors and inclusive of a large part of a country's labour force". The concept captures the importance of structural transformation for economic diversification and competition. Encouraging broad-based and inclusive growth puts emphasis on policies that remove constraints to growth and create a level playing field for investment. Inclusive growth refers to both the pace and pattern of growth,

which are considered interlinked. Systematic inequalities of opportunity are "toxic" as it will derail the growth process through political channels or conflict (Commission on Growth and Development, Growth Report: Strategies for Sustained Growth and Inclusive Development, 2008).

A logical outflow of this understanding of inclusive growth is that, our policies for inclusive growth must be an important component of our IDP for sustainable growth, meaning there must be policies that promote broad-based growth with productivity improvements and the creation of employment opportunities, and not the prioritization of redistribution. Inclusive growth requires a longer term, rather than short term, perspective with the emphasis on improving productive capacity of individual and creating an environment that is conducive for employment.

### **Economic outlook**

The following economic indicators are important to note and have been taken into account in our own financial strategies, preparation of the MTREF for 2014/15 and the two outer years.

- The World Bank has revised South Africa's economic growth outlook in 2014 to 2.7% from an earlier forecast of 3.2%.
- Although South Africa's economy has expanded over the past years, the rate of growth has steadily declined, from 2.5% of GDP in 2012 to 1.8% in 2013; it is however projected to increase to 2.7% in 2014, and gradually increase to 3.5% by 2016. This trend reflects a confluence of unfavourable global and domestic circumstances which impact on all spheres of government.
- Inflation and a nominal spending ceiling will put real budgets under pressure over the medium term, requiring all spheres of government to work more efficiently.
- Inflation is projected to be 6.2 in 2014/15 and 5.9 and 5.5 in the 2015/16 and 2016/17 financial years.
- The economy of the Western Cape is expected to have grown marginally higher than the national average.
- Census 2011 has shown that the population of the Western Cape has grown with 29% from 2001; Bitou recorded the 4<sup>th</sup> highest growth in population in the country placing a huge strain on infrastructure and housing needs.
- Our revenues and cash flows are expected to remain under pressure in 2014/15 hence we adopted a conservative approach when projecting our expected revenues and cash receipts.

### **Bitou financial overview**

The municipality is still in a vulnerable financial position constantly having to manage ourselves out of what we find ourselves into. The following needs to be highlighted:

- The cash position has improved from a positive R28 Million as at 30 June 2012 to R 42 Million as at 30 June 2013, though decreased to R 37 Million as at 28 February 2014 it still remains positive.

- Trade Creditors have reduced from R 30 Million as at 30 June 2013 to R 10 Million at the end of February 2014
- Debtors collection is averaging at 98.3% for the year to date.
- The cash flow remains under pressure and it is anticipated that the status quo will remain until the financial recovery is complete.

### **Focus of the 2014/2015 budget**

#### **Growth and the National Development Plan**

Both national and provincial governments view infrastructure as an important means of promoting sustainable growth and reducing poverty, with the national government having allocated large portions of its budget for this purpose. Economic infrastructure which is a focus for Bitou municipality must include the following;

- Electricity transmission
- Waste water Pump stations and piped network
- Road building and maintenance
- Water supply

In prioritizing the economic infrastructure we will be improving the social infrastructure which includes education and health. Our neighbouring municipalities in George and Mosselbay recorded the highest investment in infrastructure with George at 28% while Mosselbay was at 26% of the total recorded district infrastructure index in 2012.

Interestingly both Bitou and Kannaland which recorded the highest growth in terms of the population in the district recorded the lowest infrastructure spending in the region. Clearly in the long run poor infrastructure in Bitou municipality will not support the thriving economy. Even Hessequa municipality recorded a 17% investment in infrastructure and performed relatively well according to the infrastructure index. Ladies and gentlemen, it is crystal clear not only in terms of what I am trying to highlight to you, but also in terms of the state of our infrastructure condition as we all have seen with the electricity blackouts and conditions of our roads that provision of economic infrastructure is the only necessary condition for economic growth in the Bitou municipal area. Of course there are structural constraints that we are faced, these include budgetary constraints, previous financial mismanagement, and shortage of key skills and of course the ever rising cost of electricity. It is crucial that this council and its community at large agree on areas in which growth potential lies and ensure that appropriate infrastructure services are properly funded.

Opening the path to stronger economic growth requires that identified barriers to growth be addressed. The NDP has been implemented to create a framework to accelerate economic growth, eliminate poverty and reduce inequality. The budget policy framework for the next three years reflects greater alignment with the plan, as spending programmes begin to address economic constraints and the need for greater state efficiency. The NDP identifies a number of microeconomic reforms needed to boost economic growth these include reducing the cost of living for poor households and the costs of doing business, support for small, medium and micro

enterprises (SMMEs), entrepreneurs and business start-ups, a greener and more sustainable economy, support for local production as well as employment through government procurement and broadening and strengthening of industrial development.

We have therefore revised our spending plans and reprioritised funds to ensure key objectives are achieved and well-performing programmes are supported. Expenditure plans reflect both the medium-term investment plans and long-term goals identified in the NDP. In this MTREF we have ensured that we eradicate non-priority spending and reprioritise expenditure to focus on core infrastructure and service delivery.

National Treasury Budget Circulars 66 and 67 also emphasizes the constricting economic climate in which we need to operate and urges municipalities to ensure value for money spending, protection of the poor and encourages the municipalities to carefully evaluate all spending decisions.

### **Capital Budget**

The capital budget flows from the IDP process and contains information obtained from relevant stakeholders through extensive public participation processes as well as ward committee processes where applicable.

The total funded capital projects for the 2014/2015 financial year amounts to R 42.5 Million with the main focus being the following:

Water Infrastructure	R 6.6 Million
Electricity	R 11.1 Million
Sanitation	R 4.6 Million
Refuse Removal	R 7.6 Million
Roads Infrastructure	R 0.8 Million

The capital budget is funded by means of grants from National government in the amount of R 24.6 Million, Provincial Grants in the amount of R 1.2 Million, Loan funding in the amount of R 10 Million and other own funding in the amount of R 6.8 Million.

### **Operating Budget**

The operating budget for the 2014/2015 financial year amounts to R 440.7 Million which represents an increase of R 35.6 Million or 8.8% over the budget for 2013/2014.

The cost drivers of the increase in the budget can be summarized as follows:

- 6.79% increase in the wage bill in accordance with the multi-year wage agreement
- 8.06% increase in the purchase of electricity from Eskom.
- Inflationary pressure and the general increase in the price of goods and services
- Continued increase in fuel prices.
- Operational requirements to ensure service delivery standards are complied with, this is specifically in regard to electricity, roads and water and waste water.

Housing allocation for the construction of houses has significantly decreased from R 76.1 Million in the 2013/2014 financial year to R 63.3 Million in the 2014/2015 financial year but will still allow the municipality to expedite the delivery of houses.

Revenue sources remains under strain and in an attempt to balance service delivery with affordability proposed tariff increases have been limited as follows:

Electricity 7.4%, Water 5%, Sewerage 5%, Assessment rates 6%, Refuse removal 5.5%

### **Indigent subsidies**

Provision is made in the operating budget for the subsidizing of indigent households in the amount of R 245 per month; this includes a free 6Kl of water, 50 units of electricity, a 100% subsidy for refuse removal and sewerage charges. A 100% rebate on assessment rates will also be given for Indigent households. The subsidy allowed, exceeds the National norm and stretches the affordability threshold of the municipality. The total amount in respect of free services, inclusive of free services given in Eskom distribution areas, and assessment rates rebates exceed R 21 Million in the 2014/2015 financial year.

### **In conclusion**

The draft budget tabled here today is a step closer in attaining the strategic goals of the NDP as well as that of Bitou municipality which includes amongst others, institutional development and transformation, service delivery to all our communities, financial viability and sustainability, excellence in administration, transparency and public participation and I am convinced that it will contribute to our goal "To be the best together".

Speaker, please allow me to request the following:

- That all members of the Mayoral committee and all councillors must contribute in this draft budget as we will engage in community participation process.
- The Municipal Manager and his team to be available and continue to provide administrative support.
- All members of the ward committees and members of the public as well as all relevant stakeholders at large to ensure that they participate fully and make meaningful and valuable contributions in the budgeting process.

Speaker, it is my privilege to table the 2014/2015 draft budget for consultation and I would like to re-emphasise my request and invitation to all stakeholders to contribute in the public participation process before the budget is submitted to council for final approval.

I thank you.

**COUNCILLOR MEMORY BOOYSEN**  
**EXECUTIVE MAYOR**

## 1.2 Draft Council Resolutions

1. The Council of Bitou Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
  - 1.1. The annual budget of the municipality for the financial year 2014/15 and the multi-year and single-year capital appropriations as set out in the following tables:
    - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 12 on page 29 (MBRR Table A2);
    - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 13 on page 31 (MBRR Table A3);
    - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 14 on page 32 (MBRR Table A4); and
    - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 15 on page 35 (MBRR Table A5).
  - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
    - 1.2.1. Budgeted Financial Position as contained in Table 16 on page 37 (MBRR Table A6);
    - 1.2.2. Budgeted Cash Flows as contained in Table 17 on page 39 (MBRR Table A7);
    - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 40 (MBRR Table A8);
    - 1.2.4. Asset management as contained in Table 19 on page 41 (MBRR Table A9); and
    - 1.2.5. Basic service delivery measurement as contained in Table 20 on page 43 (MBRR Table A10).
2. The Council of Bitou Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as set out in Annexure A:
3. The Council of Bitou Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2014 the tariffs and fees for other services, as also set out in Annexure A.
4. To give proper effect to the municipality's annual budget, the Council of Bitou Local Municipality approves:
  - 4.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus as at the end of the financial year to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
  - 4.2. That the municipality be permitted to enter into long-term loans for the funding of the capital programmes in respect of the 2014/15 financial year limited to an amount of R10 Million per financial year for 2014/15 and 2015/16 in terms of Section 46 of the Municipal Finance Management Act.



- 4.3. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the above lending programme.

### 1.3 Executive Summary

The application of sound financial management principles for the compilation of Bitou Municipality's financial plan is essential and critical to ensure that Bitou Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Bitou Municipality's business and service delivery priorities were reviewed as part of this year's planning and budgeting process. Where appropriate, funds were transferred to address crucial service delivery needs and to ensure compliance with legislative requirements and to meet service delivery obligations. The current year adjustment budget is reflective of this principle and supports the municipality's quest for financial sustainability.

Bitou Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and to ensure that all revenue due is billed and collected. Furthermore, Bitou Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring true community participation.

National Treasury's MFMA Circular No. 70 and 72 were used to guide the compilation of the 2014/15 MTREF.

The main challenges experienced during the compilation of the 2014/15 MTREF can be summarized as follows:

- The slow recovery from the economic downturn that is still hampering growth and development not only locally but provincially and nationally.
- Limited available own funding to fund much needed infrastructure.
- Above average population growth placing a strain on infrastructure and housing needs.
- Ageing and poorly maintained water, roads and electricity infrastructure;
- The increased cost of bulk electricity as a result of continued annual increases which is placing upward pressure on service tariffs to residents.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2014/15 annual budget; where appropriate a zero base approached has been used.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and the continued escalation in the fuel price. In addition, tariffs need to



remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2014/15 MTREF**

Description	Adjusted Budget R'000	Budget Year 2014/15 R'000	Budget Year +1 2014/15 R'000	Budget Year +2 2015/16 R'000
Total Operating revenue	460,764	473,878	467,907	501,878
Total Operating Expenditure	405,040	440,681	430,693	457,948
<i>Surplus/(Deficit) for the year</i>	<b>55,725</b>	<b>33,197</b>	<b>37,214</b>	<b>43,930</b>
Total Capital Expenditure	72,809	42,528	35,046	28,623

Total operating revenue has grown by 2.8% or R 13.1 million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue will decrease by 1.3% and increase by 7.3% respectively, equating to a total revenue growth of R 41.1 million over the MTREF when compared to the 2013/14 financial year.

Total operating expenditure for the 2014/15 financial year has been appropriated at R 440.6 million and translates into a budgeted surplus of R 33.2 million after taking into consideration capital funding from own revenue and Loan funding. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by 8.8% in the 2014/15 budget and reduces by 2.26% for 2015/2016 and increases by 6.32% for 2016/2017 being the outer years of the MTREF. The operating surplus for the two outer years steadily increases to R 6.2 million for 2015/2016 and R 5.0 Million for 2016/2017 after capital funding is accounted for. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 42.5 million for 2014/15 is 41.6% less when compared to the 2013/14 Adjustment Budget. The reduction is due to a combination of grant funding being less, loan funding not taken up in the last year as well as public contributions and CRR becoming less. The capital program decreases to R 35.0 million in the 2015/16 financial year and R 28.6 million in the 2016/17 financial year.

The major portion of the capital budget will be funded from Government grants and subsidies as the municipality does not have the financial resources to commit its own funds to capital financing. A portion of the capital budget will be funded from borrowing over MTREF with anticipated borrowings not exceeding R 10 Million per year over the MTREF. It needs to be noted that Bitou Municipality has not yet reached its prudential borrowing limits and so there is still room for increasing borrowing over the medium-term. It is however very important to ensure that the municipality sufficiently recovers financially prior to the taking up of additional capital loan funding in excess of current annual redemption. The repayment of capital and interest (debt services costs) will not substantially increase over the MTREF and will therefore contribute to the financial recovery of the municipality.

## 1.4 Operating Revenue Framework

For Bitou Municipality to continue improving the quality of life of its communities through the delivery of high quality services, it is necessary to generate sufficient revenue from rates and service charges. It is also important to ensure that all billable revenue is firstly correctly charged and secondly adequately collected. The prevailing economic circumstances are adding to the difficulties in collecting the revenue due to the municipality and additional savings initiatives will need to be implemented in the MTREF to ensure the financial sustainability of the municipality.

The expenditure required to address the needs of the community will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Revenue enhancement and maximizing the revenue base;
- Efficient revenue management, which aims to ensure a minimum 97.2% annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Moving towards cost reflective tariff increases for water, sanitation and refuse collection;
- Budgeting for a moderate surplus to ensure availability of cash reserves to back statutory funds and provisions.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality

The following table is a summary of the 2014/15 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>											
Property rates	2	63 139	66 730	83 816	90 447	95 247	95 247	95 247	100 984	107 043	113 464
Property rates - penalties & collection charges		2 780	3 162	-	3 300	3 300	3 300	3 300	3 485	3 680	3 882
Service charges - electricity revenue	2	74 500	88 977	93 897	102 415	99 478	99 478	99 478	106 851	115 157	121 669
Service charges - water revenue	2	28 256	29 979	30 965	34 338	34 476	34 476	34 476	36 224	37 952	39 850
Service charges - sanitation revenue	2	25 259	28 085	32 053	35 165	36 841	36 841	36 841	38 715	40 574	42 603
Service charges - refuse revenue	2	13 742	16 184	18 069	21 004	22 017	22 017	22 017	26 479	27 741	29 235
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		901	763	1 207	1 213	1 230	1 230	1 230	1 322	1 379	1 320
Interest earned - external investments		1 184	1 614	2 844	1 770	1 770	1 770	1 770	2 639	2 745	2 855
Interest earned - outstanding debtors		-	-	3 539	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5 725	5 144	4 864	4 107	5 307	5 307	5 307	5 300	5 512	5 732
Licences and permits		61	94	65	74	74	74	74	74	76	80
Agency services		-	761	1 140	1 208	1 350	1 350	1 350	1 439	1 496	1 556
Transfers recognised - operational		46 392	32 113	82 274	102 052	106 354	106 354	106 354	117 266	92 966	107 318
Other revenue	2	8 732	6 647	13 866	6 455	9 209	9 209	9 209	6 186	6 813	5 828
Gains on disposal of PPE		-	391	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>270 669</b>	<b>280 642</b>	<b>368 600</b>	<b>403 548</b>	<b>416 653</b>	<b>416 653</b>	<b>416 653</b>	<b>446 964</b>	<b>443 133</b>	<b>475 392</b>

**Table 3 Percentage growth in revenue by main revenue source**

Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework							
R thousand	1	Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
Revenue By Source									
Property rates	2	95 247	22.86%	100 984	22.61%	107 043	24.34%	113 464	24.01%
Property rates - penalties & collection charges		3 300	0.79%	3 485	0.78%	3 680	0.84%	3 882	0.82%
Service charges - electricity revenue	2	99 478	23.88%	106 851	23.93%	115 157	26.18%	121 669	25.75%
Service charges - water revenue	2	34 476	8.27%	36 224	8.11%	37 952	8.63%	39 850	8.43%
Service charges - sanitation revenue	2	36 841	8.84%	38 715	8.67%	40 574	9.23%	42 603	9.02%
Service charges - refuse revenue	2	22 017	5.28%	26 479	5.93%	27 741	6.31%	29 235	6.19%
Service charges - other		—	0.00%	—	0.00%	—	0.00%	—	0.00%
Rental of facilities and equipment		1 230	0.30%	1 322	0.30%	1 379	0.31%	1 320	0.28%
Interest earned - external investments		1 770	0.42%	2 639	0.59%	2 745	0.62%	2 855	0.60%
Interest earned - outstanding debtors		—	0.00%	—	0.00%	—	0.00%	—	0.00%
Dividends received		—	0.00%	—	0.00%	—	0.00%	—	0.00%
Fines		5 307	1.27%	5 300	1.19%	5 512	1.25%	5 732	1.21%
Licences and permits		74	0.02%	74	0.02%	76	0.02%	80	0.02%
Agency services		1 350	0.32%	1 439	0.32%	1 496	0.34%	1 556	0.33%
Transfers recognised - operational		106 354	25.53%	117 266	26.26%	92 966	21.14%	107 318	22.71%
Other revenue	2	9 209	2.21%	6 186	1.39%	6 813	1.55%	5 828	1.23%
Gains on disposal of PPE		—	0.00%	—	0.00%	—	0.00%	—	0.00%
Total Revenue (excluding capital transfers and contributions)		416 653	100.00%	446 561	100.09%	439 810	100.76%	472 526	100.61%

Revenue generated from services charges remain the major source of revenue for the municipality amounting to 46.6% of total revenue.

The major sources of revenue for the 2014/2015 financial year can be summarized as follows:

Source	Amount (R Million)	Percentage
Assessment Rates	100.98	22.61%
Electricity revenue	106.85	23.93%
Water revenue	36.22	8.11%
Sewerage Charges	38.71	8.67%
Refuse Charges	26.48	5.93%
Grants and subsidies	117.27	26.26%

The second largest source is grants and subsidies totaling R 117 million and mainly comprises of Equitable Share allocated through the Division of Revenue Act and Provincial housing allocation for the construction of Houses. Other operating grants include the Finance management grant, municipal systems improvement grant as well as EPWP incentive grant. Property rates is the third largest revenue source totaling 22.6% or R 100.98 million and increases to R107.0 million by 2015/16.

Other revenue consists of various items such as income received from permits and licenses, building plan fees, connection fees, fines collected and other sundry receipts and totals R 20.45

Million for the 2014/2015 financial year. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

**Table 4 Operating Transfers and Grant Receipts**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		21 090	21 526	26 425	32 804	32 804	32 804	44 701	59 614	67 872
Local Government Equitable Share		17 536	18 978	23 375	29 614	29 614	29 614	40 946	57 147	65 154
Finance Management		2 750	1 250	1 250	1 300	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1 018
EPWP Incentive		-	502	1 000	1 000	1 000	1 000	1 371	-	-
Municipal Infrastructure Grant (MIG)		54	6	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		43 558	19 673	42 749	69 248	72 487	72 487	72 344	33 118	39 200
Housing		43 133	16 327	39 287	62 825	66 031	66 031	63 324	23 981	29 515
Proclaimed Roads		-	800	(498)	1 140	1 140	1 140	100	-	-
Library Services - Conditional Grant		350	425	468	525	525	525	2 307	2 127	2 255
Library Services - MRF Grant		-	2 069	3 439	4 758	4 758	4 758	6 578	6 973	7 391
CDW - Operational Support		75	52	54	-	33	33	35	37	39
<b>District Municipality:</b>		-	200	200	-	400	400	-	-	-
Provincial Management Support Grant		-	200	200	-	400	400	-	-	-
MMC Kurland		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
Traffic Disaster		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	64 649	41 399	69 374	102 052	105 691	105 691	117 045	92 732	107 072

## Tariff Setting

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities should justify in their budget documentation all increases in excess of the 6% upper boundary of the South African Reserve Bank's inflation target. Circular 72 state that, if municipalities continue to act in this manner that increase tariff above inflation, the National Treasury will have no other option but to set upper limits of tariff increases for property rates and service charges to which municipalities will have to conform. Excessive increases are likely to be counterproductive to economic growth and development, resulting in higher levels of non-payment.

The 8.06 percent increases in the average Eskom bulk purchase price once again exceeds the upper boundary of the Reserve bank inflation target resulting in an average proposed increase of 7.39% in the municipal electricity tariff.

Other factors contributing to the rising cost include the anticipated collectively agreed upon wage increase which is also above upper boundary, the excessive increase in the price of petrol and diesel as well as chemicals, spares and other materials that collectively contribute to the extent that tariffs needs to be increased annually.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The municipality has recently completed the compilation of Supplementary Valuation roll 1 which includes 352 supplementary entries that account for a reduction in assessment rates revenue of approximately R 205,000 per annum over the validity of the roll. The downward adjustment in revenue can mainly be ascribed to the changing in a variety of categories and a reduction in the ratable improved business valuation. A moderate, below inflation increase of 6% in the assessment rates tariff is none the less proposed for the 2014/2015 financial year.

The following stipulations in the Property Rates Policy are highlighted:

- The first R 15 000 of the market value of a property used for residential purposes is exempted from the rate-able value (Section 17(h) of the MPRA).
- In terms of the property rates policy of the municipality all residential properties (excluding vacant stands) with a value of up to R 350,000 are exempted from paying assessment rates.
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy, based on the maximum usage as contained in the policy.
- Relief measures based on income also provides for rebates varying from 40% where the monthly income of an owner is less than R 3,630 per month to 10% where the monthly income is less than R 6,050 per month.
- The following conditions apply to the granting of the rebates
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse.
  - The applicant must submit proof of his/her age and identity and also proof of the annual income.
  - The property must be categorized as residential.
- The Municipality may also award a 100% rebate on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work and public benefit organizations as defined in the property rates policy of the municipality. The owner of such a property must apply to the Chief Financial Officer in the prescribed format and at the prescribed date in order to qualify for the relief.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2014/15 financial year based on a 6% increase from 1 July 2014 is contained below:

**Table 4 Comparison of proposed rates 2014/2015 to levied for 2013/14**

Category	Current Tariff (1 July 2013)	Proposed tariff (from 1 July 2014)
	c/R	c/R
Residential properties	0.466	0.494
State owned properties	0.466	0.494
Business & Commercial	0.778	0.825
Agricultural	0.116	0.123
Vacant land	0.605	0.641
Industrial	0.778	0.825
Non-permitted use	0.973	1.031
Public benefit organizations	0.116	0.825

#### 1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Budget Circular 67 makes specific reference to the fact that water tariffs should be cost reflective and that municipalities should ensure that water complies with all applicable quality standards. The water tariff structure must therefore ensure that:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

A tariff increase of 5% from 1 July 2014 for water is proposed. This is based on input cost assumptions inclusive of the increase in the cost of bulk water from Department of Water Affairs, increased wage bill of 6.79% and the cost of other inputs increasing by between 5% and 6%. In addition 6 kℓ water per month will again be granted free of charge to residents where the value of the property is below R 350, 000.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

**Table 5 Proposed Water Tariffs**

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
<b>RESIDENTIAL</b>		
Basic/Minimum Charge	251.85 p.m.	264.44 p.m.
(i) 0 to 25 kℓ	Incl. in Basic charge	Incl. in Basic charge
(ii) Above 25 to 30 kℓ	5.91	6.21
(iii) Above 30 to 40 kℓ	8.28	8.69
(iv) Above 40 to 50 kℓ	10.05	10.55
(v) Above 50 to 60 kℓ	13.01	13.66
(vi) Above 60 to 70 kℓ	16.56	17.39
(vii) Above 70 kℓ	32.52	34.15
<b>NON-RESIDENTIAL</b>		

CATEGORY	CURRENT TARIFFS 2013/14	PROPOSED TARIFFS 2014/15
	Rand per kℓ	Rand per kℓ
(i) 0 – 60 kℓ	8.16	8.57
(ii) Above 60 to 100 kℓ	18.49	19.41
(iii) Above 100 to 200 kℓ	21.13	22.19
(iv) Above 200 kℓ Excl. Laundromats	23.74	24.93
(v) Above 200 kℓ Laundromats	21.13	22.19

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

**Table 7 Comparison between current water charges and increases (Domestic)**

Monthly consumption kℓ	Current amount payable R	Proposed amount payable R	Difference (Increase) R	Percentage change
25	251.85	264.44	12.59	5%
30	281.4	295.47	14.07	5%
40	364.2	382.41	18.21	5%
50	464.7	487.94	23.24	5%
60	594.8	624.54	29.74	5%
70	760.4	798.42	38.02	5%
100	1 736.00	1822.80	86.80	5%

The tariff structure of the 2013/14 financial year has not been changed.

### 1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. An 8.06% increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2014.

Considering the Eskom increases, the consumer tariff had to be increased by 7.39% to offset the additional bulk purchase cost as well as recover the additional cost components such as the increase in the wage bill, general expenditure and increased maintenance and material cost for the 2014/2015 financial year. The continued above average increase in electricity prices has resulted in a downward trend in the average consumption patterns of consumers in an attempt to mitigate the effect of the increased cost of electricity resulting in a negative impact on the municipal electricity revenue.

Registered indigents as well as sub-economic consumers will again be granted 50 kWh per month free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 8 Comparison current vs. new electricity charges (Domestic up to 60A connection)**

Monthly Consumption kWh	Current amount payable R	Proposed amount Payable R	Difference (Increase) R	Percentage change
100.00	73.97	79.44	5.47	7.4%
250.00	197.78	212.42	14.64	7.4%
500.00	521.53	560.12	38.59	7.4%
750.00	832.41	894.01	61.60	7.4%
1 000.00	1 164.73	1250.92	86.19	7.4%
2 000.00	2 494.01	2678.57	184.56	7.4%

#### 1.4.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5% for sanitation from 1 July 2014 is proposed. The increase in tariffs can also be ascribed to rising wage cost, the increase in electricity used in purification and pumping processes, the increase in fuel prices and the general increase in the price of goods and services. It must also be emphasized that the municipality must ensure that purification processes complies with quality standards and that green drop status is maintained. Additional budgetary allocation was made for the full time employment of process controllers and other waste water purification staff members critical in maintaining high quality purification processes and results.

**Table 6 Comparison between current sanitation charges and increases**

	TARIFF PER Annum	TARIFF PER Annum
	R	R
Single Residential	3,718.00	3,904.00
Shops, B&B's Offices, Hotels	5,716.00	6,002.00
Single residential used for business purposes, restaurants	7,431.00	7,803.00
Group housing and resort zones	3,718.00	3,904.00
Residential property valuation below R350,000 (70% rebate on single residential tariff)	1,041.00	1,171.20
Septic tank removals	343.00	360.00
Sanitation fee no waterborne sewerage	1,452.00	1,525.00

The following table shows the impact of the proposed increases in sanitation tariffs on the amounts charged per consumer category



**Table 10 Comparison between current sanitation charges and new, per consumer type**

Consumer type	Current amount payable R	Proposed amount Payable R	Difference R	(% increase)
Single Residential	3718.00	3903.90	185.90	5.0%
Shops, B&B's Offices, Hotels	5716.00	6001.80	285.80	5.0%
Single residential used for business purposes, restaurants	7431.00	7802.55	371.55	5.0%
Group housing and resort zones	3718.00	3903.90	185.90	5.0%
Residential property valuation below R350,000	1041.00	1093.05	52.05	5.0%
Septic tank removals	342.61	359.74	17.13	5.0%
Sanitation fee no waterborne sewerage	1452.00	1524.60	72.60	5.0%

#### 1.4.5 Waste Removal and Impact of Tariff Increases

Budget circular 66 and 67 state that municipalities should strive to budget for a moderate surplus in order to ensure that the required funding levels are maintained and to ensure that the provision for the rehabilitation of the land fill site is cash backed. The Municipality is currently in a process to close the current land fill site and it is therefore of essence that sufficient funds are available for the rehabilitation of the landfill site estimated to be in excess of R 6 Million. The construction of a waste transfer facility will commence upon conclusion of the revised EIA process and for the time being, the municipality has no alternative but to transport its waste to the Petro SA dumpsite at an exorbitant cost. In an attempt to reduce this cost, composting of green waste will be done to reduce the volumes. Recycling is promoted to further reduce the volumes and subsequent cost of transporting of waste. The combined cost of transporting, composting and recycling is estimated at R 3.97 Million for the 2014/2015 financial year.

In accordance with the National Treasury directive cost reflective tariff setting is engaged with resulting in an increase of 5.5% in the waste removal tariff with effect from 1 July 2014. To avoid further higher than normal increases in the refuse tariff it is essential that consumers make use of composting and recycling to reduce refuse volumes.

In order to ensure that all owners of property contribute fairly towards to cost associated with the service an availability charge for refuse is implemented as the refuse facilities needs to make provision for all possible units of refuse generated measured in terms of all approved even.

The following table compares current and proposed amounts payable from 1 July 2014:

**Table 11 Comparison between current waste removal fees and increases**

	Current Tariff	Proposed Tariff	Difference	%
	2012/2013	2014/2015	Per Annum	Difference
One removal per bin per week	Per Annum (R)	Per Annum (R)	Per Annum	
Domestic 80ℓ container removed once a week	1958.10	2065.80	107.70	5.5%
Domestic 240ℓ container removed once a week	2054.40	2167.39	112.99	5.5%
Business/Commercial 80ℓ container removed twice a week	2546.60	2686.66	140.06	5.5%
Business/Commercial 240ℓ container removed once a week	2800.99	2955.04	154.05	5.5%

**1.4.6 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 5% and 6%, with the increase for indigent households 0% due to full subsidization.

Table 12 MBRR Table SA14 – Household bills

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15 % incr.	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Rand/cent											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		201.50	216.92	252.31	266.01	266.01	266.01	6.0%	281.99	299.12	316.81
Electricity: Basic levy		230.61	265.20	183.60	187.20	187.20	187.20	7.4%	201.05	215.12	229.10
Electricity: Consumption		620.00	770.00	1 017.50	1 087.50	1 087.50	1 087.50	7.4%	1 167.98	1 249.73	1 330.97
Water: Basic levy		182.56	204.47	237.59	251.85	251.85	251.85	5.0%	264.44	277.66	291.54
Water: Consumption		21.45	24.00	27.90	29.55	29.55	29.55	5.1%	31.05	32.60	34.25
Sanitation		227.83	250.58	291.17	309.83	309.83	309.83	5.0%	325.33	341.58	358.67
Refuse removal		106.25	131.25	152.50	163.17	163.17	163.17	5.5%	172.17	181.67	191.67
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>1 590.20</b>	<b>1 862.42</b>	<b>2 162.57</b>	<b>2 295.11</b>	<b>2 295.11</b>	<b>2 295.11</b>	<b>6.5%</b>	<b>2 444.01</b>	<b>2 597.48</b>	<b>2 753.01</b>
VAT on Services		194.42	230.37	267.44	284.07	284.07	284.07	6.6%	302.68	321.77	341.07
<b>Total large household bill:</b>		<b>1 784.62</b>	<b>2 092.79</b>	<b>2 430.01</b>	<b>2 579.18</b>	<b>2 579.18</b>	<b>2 579.18</b>	<b>6.5%</b>	<b>2 746.69</b>	<b>2 919.25</b>	<b>3 094.08</b>
<b>% Increase/-decrease</b>			<b>17.3%</b>	<b>16.1%</b>	<b>6.1%</b>	<b>-</b>	<b>-</b>	<b>6.5%</b>	<b>6.3%</b>	<b>6.0%</b>	
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		142.67	153.58	178.64	188.34	188.34	188.34	6.0%	199.66	211.78	224.31
Electricity: Basic levy		230.61	265.20	183.60	187.20	187.20	187.20	7.4%	201.05	215.12	229.10
Electricity: Consumption		310.00	385.00	417.50	444.50	444.50	444.50	7.4%	477.39	510.81	544.01
Water: Basic levy		182.56	204.47	237.59	251.85	251.85	251.85	5.0%	264.44	277.66	291.54
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		227.83	250.58	291.17	309.83	309.83	309.83	5.0%	325.33	341.58	358.67
Refuse removal		106.25	131.25	152.50	163.17	163.17	163.17	5.5%	172.17	181.67	191.67
Other		-	-	-	-	-	-	-	-	-	-
<b>sub-total</b>		<b>1 199.92</b>	<b>1 390.08</b>	<b>1 461.00</b>	<b>1 544.89</b>	<b>1 544.89</b>	<b>1 544.89</b>	<b>6.2%</b>	<b>1 640.04</b>	<b>1 738.62</b>	<b>1 839.30</b>
VAT on Services		148.02	173.11	179.53	189.92	189.92	189.92	6.2%	201.65	213.76	226.10
<b>Total small household bill:</b>		<b>1 347.94</b>	<b>1 563.19</b>	<b>1 640.53</b>	<b>1 734.81</b>	<b>1 734.81</b>	<b>1 734.81</b>	<b>6.2%</b>	<b>1 841.69</b>	<b>1 952.38</b>	<b>2 065.40</b>
<b>% Increase/-decrease</b>			<b>16.0%</b>	<b>4.9%</b>	<b>5.7%</b>	<b>-</b>	<b>-</b>	<b>6.2%</b>	<b>6.0%</b>	<b>5.8%</b>	
<b>Monthly Account for Household - 'Indigent'</b>	3										
<b>Household receiving free basic services</b>											
<b>Rates and services charges:</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Electricity: Basic levy		230.61	265.20	183.60	187.20	187.20	187.20	7.4%	201.05	215.12	229.10
Electricity: Consumption		-	-	-	-	-	-	-	-	-	-
Water: Basic levy		182.56	204.47	237.59	251.85	251.85	251.85	5.0%	264.44	277.66	291.54
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		227.83	250.58	291.17	309.83	309.83	309.83	5.0%	325.33	341.58	358.67
Refuse removal		106.25	131.25	152.50	163.17	163.17	163.17	5.5%	172.17	181.67	191.67
Other		(747.25)	(851.50)	(864.86)	(912.05)	(912.05)	(912.05)	5.6%	(962.99)	(1 016.03)	(1 070.98)
<b>sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VAT on Services		-	-	-	-	-	-	-	-	-	-
<b>Total small household bill:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase/-decrease</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 1.5 Operating Expenditure Framework

Bitou Municipality's expenditure framework for the 2014/15 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- The financial recovery of the municipality to ensure the required funding levels are achieved and maintained.
- Continued provision of basic services and financial sustainability
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services.

The following table is a high level summary of the 2014/15 budget and MTREF (classified per main type of operating expenditure):

**Table 7 Summary of operating expenditure by standard classification item**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Expenditure By Type</b>											
Employee related costs	2	102 158	100 822	108 939	127 524	123 591	123 591	123 591	146 683	159 775	169 278
Remuneration of councillors		2 993	3 735	4 043	4 415	4 739	4 739	4 739	5 032	5 355	5 697
Debt impairment	3	12 124	10 468	11 650	15 019	15 019	15 019	15 019	15 920	16 870	17 888
Depreciation & asset impairment	2	16 768	24 183	29 568	21 095	21 095	21 095	21 095	22 821	27 090	32 473
Finance charges		10 496	12 792	13 559	13 845	13 927	13 927	13 927	13 837	14 598	15 182
Bulk purchases	2	50 582	56 600	70 626	77 582	73 693	73 693	73 693	79 694	90 620	97 864
Other materials	8	-	-	2 539	3 128	2 781	2 781	2 781	3 237	3 367	3 486
Contracted services		8 472	10 999	18 876	20 097	21 207	21 207	21 207	18 986	19 354	18 410
Transfers and grants		169	632	2 332	2 630	2 554	2 554	2 554	2 700	2 950	3 112
Other expenditure	4, 5	99 259	77 976	85 104	118 656	126 363	126 363	126 363	131 691	90 633	94 472
Loss on disposal of PPE		734	25	-	70	70	70	70	80	83	87
<b>Total Expenditure</b>		<b>303 756</b>	<b>298 231</b>	<b>347 236</b>	<b>404 060</b>	<b>405 040</b>	<b>405 040</b>	<b>405 040</b>	<b>440 681</b>	<b>430 693</b>	<b>457 948</b>

The budgeted allocation for employee related costs for the 2014/15 financial year totals R 146 Million, which equals 33.2% of the total operating expenditure. Based on the collective SALGBC wage agreement, salary increases have been factored into this budget at a percentage increase of 6.79% for the 2014/15 financial year. An annual increase of 6.4% has been included respectively for the 2015/2016 and 2016/2017 financial year

In order to ensure economic viability and to not overstretch the already limited financial resources, and cash management strategy vacancies have been significantly rationalized downwards and budgeted in a staggering manner. Only the positions that are critical for service delivery have been budgeted for the 2014/2015 financial year. These positions are mainly at electricity services, water and waste water, fire services and to some extent the revenue enhancement currently done by consultants to be done internally as the contract expires in

November 2014. The latter is in line with National Treasury advocacy on use of external service providers.

The cost to fill the newly approved organizational structure was determined and is at this stage unaffordable in the current financial context. In this MTREF it is advisable to fund the structure, once finalized in a staggering approach, meaning core service delivery positions and some critical positions are funded in the first year and other department positions be funded in the following year as resources becomes available.

The cost associated with the remuneration of public office bearers is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The remuneration cost of councilors is partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. An allocation in the amount of R 40,946 million is awarded to Bitou for the 2014/2015 financial year.

The provision of debt impairment was determined based on an annual collection rate of 97.2% and the Debt Write-off Policy of the Municipality. The current average collection rate equals 98.3% as at end of February 2014 and it is anticipated that the recovery of debt, through the increase in debt collection action will reach a level of 97.5% upon conclusion of the current financial year. The provision amounts to R 15,920,000 for the 2014/15 financial year.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed. Budget appropriations in this regard total R 22, 820 million for the 2014/15 financial and equates to 5.17% of the total operating expenditure.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 3.14% (R13.83 million) of operating expenditure excluding annual redemption for 2014/15 and remains constant through the remainder of the MTREF. Bitou Municipality has nearly reached its prudential limits for borrowing and care needs to be taken to ensure that annual finance charges remains within the affordability threshold of ratepayers and consumers considering the prevailing economic circumstances.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes electricity distribution losses which equals 15.82%, Water distribution losses as at 30 June 2013 amounted to 10.21% and a concerted effort is necessary to ensure the reduction of the losses to within acceptable norms. In the following budget the loss control officer will be appointed to ensure that these losses are kept to a minimum.

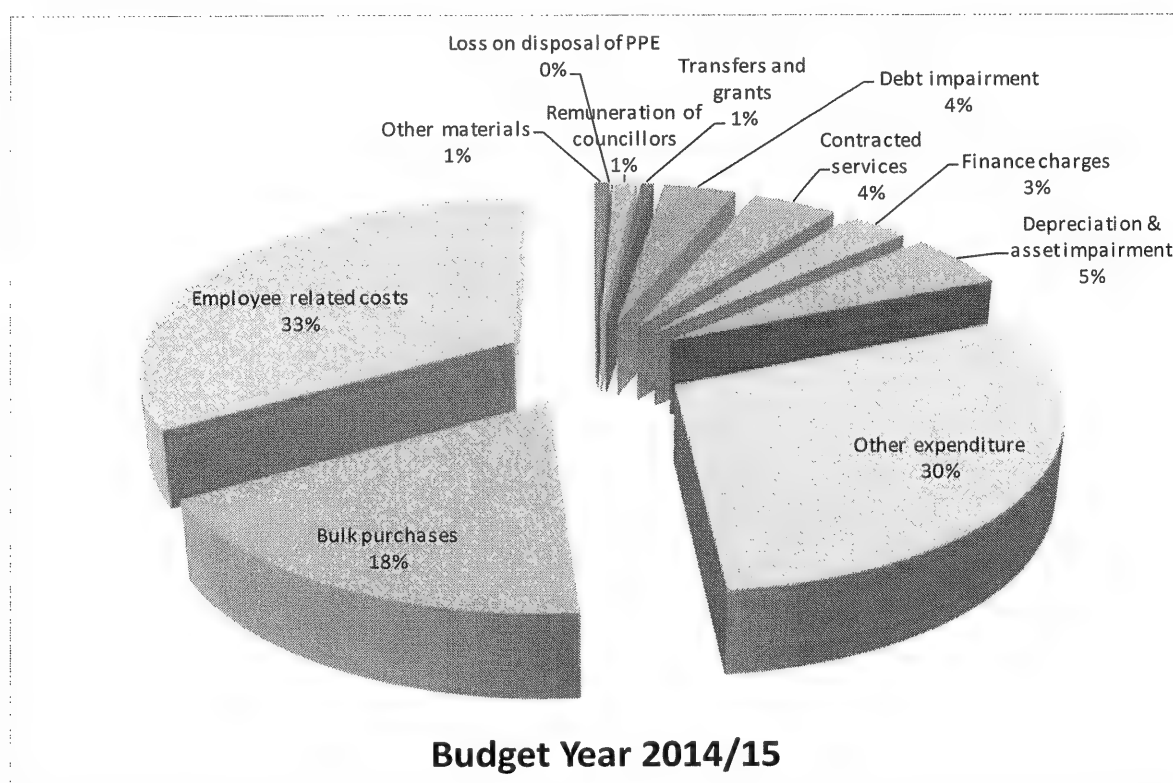
Other materials comprise of amongst others the purchase of materials and spares for maintenance, cleaning materials and chemicals. In line with Bitou Municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of Bitou Municipality's infrastructure. For 2014/15 the appropriation against this group of expenditure has grown by 0.73% (R456, 671).

Contracted services relates to the provision of services by means of the appointment of service providers where the necessary in-house skills are not available or have not yet been adequately developed. Certain functions also require the contracting of specialist knowledge contracted

from time to time due to the fact that the municipality cannot afford to employ experts on a full-time basis. This category of expenditure decreases by (R2.2 million). This again emphasizes the need to build capacity to ensure certain functions are performed in-house as recommended by National Treasury.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The growth in other expenditure amounts to 1.04% for the 2014/15 financial year and reduces with 31.18% for the 2015/2016 year, where-after it increase by 1.04% for the 2016/2017 year.

The following graph gives a breakdown of the main expenditure categories for the 2014/15 financial year.



**Figure 1 Main operational expenditure categories for the 2014/15 financial year**

### 1.5.1 Priority given to repairs and maintenance

In order to ensure the health of the assets of the municipality and to prolong the useful lives, it is necessary to ensure that repairs and maintenance is adequately budgeted. Budget circular 66 cautions municipalities not to affect savings in repairs and maintenance to balance the budget but to ensure that sufficient budgetary allocation is made for this expenditure item. The following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 8 Operational repairs and maintenance

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Repairs and Maintenance	8										
Employee related costs		-	-	-	-	-	-	-	-	-	-
Other materials		-	-	-	-	-	-	-	-	-	-
Contracted Services		-	-	-	-	-	-	-	-	-	-
Other Expenditure		14 793	10 240	9 413	11 853	13 200	13 200	13 200	16 242	16 177	17 251
Total Repairs and Maintenance Expenditure	9	14 793	10 240	9 413	11 853	13 200	13 200	13 200	16 242	16 177	17 251

Repairs and maintenance is increased by 23.04% in the 2014/2015 financial year, from R 13,2 million to R 16,2 million. During the 2013/2014 Adjustment Budget this allocation was adjusted slightly upwards. As part of the 2014/15 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The allocation to repairs and maintenance gradually increases over the MTREF and is reliant on the financial recovery of the municipality to be further supplemented.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 9 Repairs and maintenance per asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	16 768	24 183	29 568	21 095	21 095	21 095	22 821	27 090	32 473
Repairs and Maintenance by Asset Class		14 793	10 240	9 413	11 853	13 200	13 200	16 242	16 177	17 251
Infrastructure - Road transport		861	1 793	1 173	1 480	1 790	1 790	2 485	2 561	2 820
Infrastructure - Electricity		1 300	1 688	1 540	690	2 017	2 017	2 874	3 200	3 620
Infrastructure - Water		341	31	1 165	831	831	831	722	761	792
Infrastructure - Sanitation		1 324	959	1 257	1 848	1 848	1 848	2 828	1 931	1 985
Infrastructure - Other		2 117	881	623	690	690	690	690	718	746
Infrastructure		5 941	5 352	5 758	5 539	7 176	7 176	9 598	9 170	9 963
Community	6, 7	3 135	2 097	815	1 659	1 753	1 753	1 832	1 931	2 008
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		5 717	2 792	2 841	4 655	4 271	4 271	4 812	5 076	5 280
TOTAL EXPENDITURE OTHER ITEMS			31 561	34 424	38 982	32 948	34 295	34 295	39 063	43 267

For the 2014/15 financial year, 59.1% or R 9,60 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totaling 29.94% (R2,87 million), road infrastructure 25.89% (R2,49 million), sanitation 29.46% (R2,83) million and water 7.52% (R722,000). Community assets have been allocated R 1,83 million of total repairs and maintenance equating to 11.28%.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of Bitou Municipality's Indigent Policy. It is estimated that between 6000 and 7000 households will receive subsidy on tariffs and rates in the 2014/2015 financial year, either by means of the full basket of services given as Indigent subsidies or in terms of the property value threshold where owners of properties with a value of less than R 350, 000 qualify for services at sub-economic tariffs. The estimated expenditure on free and subsidized services, inclusive of assessment rate rebates will amount to R 21 Million for the 2014/2015 financial year.

The results of Census 2011 has also shown that the population of Bitou have significantly increased over the last 10 years, making it the fourth fastest growing area, measured by population in the country from census to census. The indigent process is one of self-registration therefore households needing assistance must annually apply for the subsidy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement)

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

## **1.6 Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:



**Table 10 2014/15 Medium-term capital budget per vote**

Vote Description R thousand	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		-	-	351	5 986	6 035	6 035	6 035	6 000	9 600	2 700
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-	1 000	1 000	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		-	-	8 981	19 859	26 760	26 760	26 760	351	11 300	12 900
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	9 331	25 845	32 795	32 795	32 795	7 351	21 900	15 600
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Council		54	43	11	350	350	350	350	-	-	-
Vote 2 - Office of the Municipal Manager		7	10	-	128	155	155	155	-	-	-
Vote 3 - Community Services		25 309	17 577	819	15 386	20 840	20 840	20 840	4 081	750	4 228
Vote 4 - Corporate Services		72	-	30	450	450	450	450	-	-	-
Vote 5 - Financial Services		2 161	2 414	59	910	2 223	2 223	2 223	1 483	-	-
Vote 6 - Strategic Services		8 262	38	218	445	523	523	523	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		63 041	17 470	30 290	8 647	15 474	15 474	15 474	29 613	12 396	8 795
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		98 905	37 551	31 427	26 316	40 015	40 015	40 015	35 178	13 146	13 023
<b>Total Capital Expenditure - Vote</b>		98 905	37 551	40 758	52 161	72 809	72 809	72 809	42 528	35 046	28 623

An amount of R 38,5 million has been appropriated for the development of infrastructure which represents 90.5% of the total capital budget.

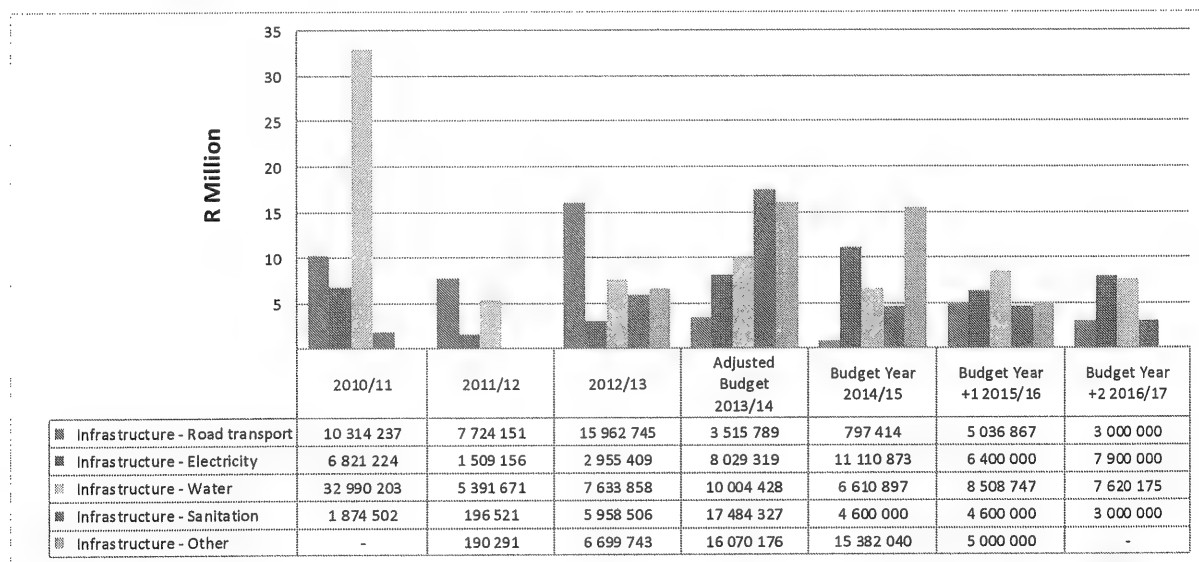
New assets represent 88.2 cent or R 37,5 million of the total capital budget while asset renewal equates to 11.8% or R 5 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital program relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Following a list of projects to be undertaken over the medium-term:

Details	2014/15	2015/16	2016/17
LDV LONG WHEEL BASE DIESEL			300 000
SHELVING FOR LIBRARIES	40 000		
COMPUTER EQUIPMENT 1	295 000		
AIR CONDITIONERS	30 000		
UPGRADE OF MUNICIPAL BUILDINGS	600 000	750 000	500 000
FURNITURE AND EQUIPMENT	189 000		
FIRE STATION AIRPORT			2 500 000
FIRE HYDRANTS			80 000
TOOLS AND EQUIPMENT			400 000
FURNITURE AND EQUIPMENT 1	300 000		
TOOLS AND EQUIPMENT			60 000
TRAILOR			200 000
LAND AND BUILDINGS 2	1 000 000	2 000 000	
EQUIPMENT			188 000
UPGRADE OF SPORTS FACILIT: MIG		2 600 000	2 700 000
DR SERVER/STORAGE PROJECT	383 731		
MAIN BUILDING NETWORK SWITCHES	328 000		
COMPUTER REPLACEMENT	124 000		
WIRELESS EQUIPMENT	264 265		
UPS FOR SITES PROJECT	99 000		
TRAINING ROOM PROJECT	104 100		
WIRELESS UPGRADES	155 110		
MANAGEMENT SOFTWARE	15 000		
FURNITURE AND EQUIPMENT 1	10 000		
WATER MANAGEMENT DEVICES	1 000 000	1 000 000	
KRANSHOEK: STORM WATER IMPROVEMENTS 3	797 414	1 036 867	
REHABILITATION OF STREET 1		1 000 000	
KWANO&KRANSHOEK:UPGRADE UNSURFACED STREET (REHABILITATION OF STREET )		3 000 000	3 000 000
TAXI ROUTE (QOLWENI)	7 754 841		
WASTE TRANSFER STATION (G)	2 627 199		
WASTE TRANSFER STATION (LOAN)	5 000 000	5 000 000	
UPGRADE SEWER PUMP STAT AND REPLACEMENTS	600 000		
KWANO OUTFALL SEWER		3 000 000	3 000 000
UPGRADE OF GANSEVALLEI WASTE W	1 000 000	1 600 000	
REFURBISHMENT OF SEWER PUMP	3 000 000		
ELECTIFICATION:HOUSING PROGRAM (INEP	5 000 000	5 000 000	6 000 000

GRANT)			
UPGRADE MV CABLES PLETT	1 500 000		
HIGH MAST LIGHTS	350 873	1 400 000	1 900 000
MINI SUBS 2	500 000		
1st PHASE DEDICATED CABLE	3 760 000		
TOOLS AND EQUIPMENT	90 000	150 000	175 000
RETICULATION UPGRADES & REPLACEMENTS	400 000	1 000 000	
KEURBOOMS WATER SUPPLY AND ABS		3 399 576	3 000 000
WATER DEMAND MANAGEMENT(PRESSURE REGULATION)	150 000	200 000	250 000
ROODEFONTEIN DAM UPGRADES 3		500 000	2 000 000
SUPPLY TO KWANO & SURROUNDS	5 060 897		
WATER TREATMENT WORK UPGRADES :ELECTRICAL & MECHANICAL WORKS		2 409 171	3 370 175
TOTAL	R42 528 430	R35 045 614	R28 623 175

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

**Figure 2 Capital Infrastructure Program**



### 3.1 Annual Budget Tables – Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2014/15 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	65 919	69 891	83 816	93 747	98 547	98 547	98 547	104 468	110 723	117 347
Service charges	141 756	163 224	174 984	192 923	192 812	192 812	192 812	208 269	221 424	233 356
Investment revenue	1 184	1 614	2 844	1 770	1 770	1 770	1 770	2 639	2 745	2 855
Transfers recognised - operational	46 392	32 113	82 274	102 052	106 354	106 354	106 354	117 266	92 966	107 318
Other own revenue	15 419	13 800	24 681	13 056	17 170	17 170	17 170	14 321	15 276	14 516
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>270 669</b>	<b>280 642</b>	<b>368 600</b>	<b>403 548</b>	<b>416 653</b>	<b>416 653</b>	<b>416 653</b>	<b>446 964</b>	<b>443 133</b>	<b>475 392</b>
Employee costs	102 158	100 822	108 939	127 524	123 591	123 591	123 591	146 683	159 775	169 278
Remuneration of councillors	2 993	3 735	4 043	4 415	4 739	4 739	4 739	5 032	5 355	5 697
Depreciation & asset impairment	16 768	24 183	29 568	21 095	21 095	21 095	21 095	22 821	27 090	32 473
Finance charges	10 496	12 792	13 559	13 845	13 927	13 927	13 927	13 837	14 598	15 182
Materials and bulk purchases	50 582	56 600	73 165	80 710	76 474	76 474	76 474	82 931	93 987	101 350
Transfers and grants	169	632	2 332	2 630	2 554	2 554	2 554	2 700	2 950	3 112
Other expenditure	120 590	99 467	115 630	153 841	162 659	162 659	162 659	166 677	126 940	130 856
<b>Total Expenditure</b>	<b>303 756</b>	<b>298 231</b>	<b>347 236</b>	<b>404 060</b>	<b>405 040</b>	<b>405 040</b>	<b>405 040</b>	<b>440 681</b>	<b>430 693</b>	<b>457 948</b>
<b>Surplus/(Deficit)</b>	<b>(33 087)</b>	<b>(17 589)</b>	<b>21 364</b>	<b>(512)</b>	<b>11 613</b>	<b>11 613</b>	<b>11 613</b>	<b>6 283</b>	<b>12 440</b>	<b>17 444</b>
Transfers recognised - capital	61 215	26 697	22 857	36 447	44 111	44 111	44 111	26 914	24 774	26 486
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>28 128</b>	<b>9 108</b>	<b>44 221</b>	<b>35 934</b>	<b>55 725</b>	<b>55 725</b>	<b>55 725</b>	<b>33 197</b>	<b>37 214</b>	<b>43 930</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>28 128</b>	<b>9 108</b>	<b>44 221</b>	<b>35 934</b>	<b>55 725</b>	<b>55 725</b>	<b>55 725</b>	<b>33 197</b>	<b>37 214</b>	<b>43 930</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>98 905</b>	<b>37 551</b>	<b>40 758</b>	<b>52 161</b>	<b>72 809</b>	<b>72 809</b>	<b>72 809</b>	<b>42 528</b>	<b>35 046</b>	<b>28 623</b>
Transfers recognised - capital	73 207	26 883	31 565	32 026	38 872	38 872	38 872	25 745	23 096	24 470
Public contributions & donations	-	-	142	-	2 535	2 535	2 535	-	-	-
Borrowing	6 881	3 841	8 836	16 395	21 355	21 355	21 355	10 000	10 000	-
Internally generated funds	18 816	6 826	216	3 741	10 048	10 048	10 048	6 783	1 950	4 153
<b>Total sources of capital funds</b>	<b>98 905</b>	<b>37 551</b>	<b>40 758</b>	<b>52 161</b>	<b>72 809</b>	<b>72 809</b>	<b>72 809</b>	<b>42 528</b>	<b>35 046</b>	<b>28 623</b>
<b>Financial position</b>										
Total current assets	66 149	75 787	92 177	64 188	85 380	85 380	86 566	123 757	176 356	238 793
Total non current assets	638 930	708 744	720 161	721 153	772 572	772 572	772 572	792 541	800 894	797 468
Total current liabilities	123 118	108 797	95 947	66 079	72 967	81 298	81 298	75 787	81 993	87 514
Total non current liabilities	142 769	181 135	177 569	194 023	194 023	191 301	191 301	184 164	190 680	188 274
Community wealth/Equity	439 193	494 600	538 821	525 240	590 963	585 354	586 540	656 347	704 576	760 473
<b>Cash flows</b>										
Net cash from (used) operating	88 865	27 995	51 203	58 919	65 515	65 515	65 515	81 839	91 531	105 298
Net cash from (used) investing	(101 622)	(35 911)	(40 983)	(50 335)	(72 809)	(72 809)	(72 809)	(42 208)	(34 649)	(28 198)
Net cash from (used) financing	12 836	19 852	3 369	(481)	3 914	3 914	3 914	(3 777)	(4 680)	(15 084)
<b>Cash/cash equivalents at the year end</b>	<b>16 684</b>	<b>28 620</b>	<b>42 208</b>	<b>27 962</b>	<b>38 828</b>	<b>38 828</b>	<b>38 828</b>	<b>74 682</b>	<b>126 884</b>	<b>188 900</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	20 655	32 895	46 786	32 854	44 179	44 179	44 179	80 353	132 952	195 393
Application of cash and investments	116 605	116 181	111 820	100 807	97 796	71 889	76 889	75 352	120 349	141 111
<b>Balance - surplus (shortfall)</b>	<b>(95 950)</b>	<b>(83 286)</b>	<b>(65 034)</b>	<b>(67 953)</b>	<b>(53 617)</b>	<b>(27 711)</b>	<b>(32 711)</b>	<b>5 002</b>	<b>12 603</b>	<b>54 282</b>
<b>Asset management</b>										
Asset register summary (WDV)	634 668	704 258	715 448	716 129	767 162	767 162	786 870	786 870	794 826	790 975
Depreciation & asset impairment	16 768	24 183	29 568	21 095	21 095	21 095	22 821	22 821	27 090	32 473
Renewal of Existing Assets	-	-	12 516	20 121	32 866	32 866	32 866	5 008	12 287	10 875
Repairs and Maintenance	14 793	10 240	9 413	11 853	13 200	13 200	16 242	16 242	16 177	17 251
<b>Free services</b>										
Cost of Free Basic Services provided	7 294	8 023	11 096	11 099	11 099	11 099	11 571	11 571	12 066	-
Revenue cost of free services provided	10 932	12 454	16 142	21 152	21 152	21 152	21 491	21 491	22 775	24 117
<b>Households below minimum service level</b>										
Water:	160	171	183	192	192	192	202	202	212	-
Sanitation/sewerage:	505	713	578	427	427	427	239	239	132	-
Energy:	3 531	644	4 043	4 245	4 245	4 245	4 457	4 457	4 680	-
Refuse:	180	193	206	267	267	267	324	324	415	-

**Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of Bitou Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasize the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which:
    - i. Transfers recognized is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget;
    - iii. Internally generated funds are financed from the anticipated operating surplus to be realized at 30 June 2014. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are gradually becoming available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations were not cash-backed. This has then placed the municipality in a very vulnerable financial position, with the improve revenue collection this situation has started to improve as all provisions are 70% backed by cash. Consequently Council needs to take ensure adequate cash-backing for all material obligations in accordance with the Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back may exceed the MTREF as service delivery requirements also need to receive the appropriate attention. The long term financial plan will greatly assist in this regard and council need to adopt this policy.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

**Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
Governance and administration		89 541	94 158	121 734	130 396	136 319	136 319	135 723	149 896	160 023
Executive and council		20 540	22 150	27 916	1 450	2 090	2 090	4 265	3 022	3 156
Budget and treasury office		68 357	71 108	93 151	95 062	99 877	99 877	109 820	117 736	125 308
Corporate services		644	900	668	33 884	34 351	34 351	21 638	29 139	31 559
Community and public safety		41 794	18 684	61 895	88 007	95 975	95 975	80 185	41 382	47 659
Community and social services		399	2 500	4 236	5 789	6 074	6 074	9 271	9 506	9 951
Sport and recreation		237	1 916	864	578	3 687	3 687	588	612	638
Public safety		6 533	5 995	6 103	5 356	6 724	6 724	6 862	7 137	7 403
Housing		34 625	8 273	50 691	76 284	79 490	79 490	63 463	24 126	29 667
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		12 362	15 515	6 774	2 534	2 962	2 962	1 543	1 500	1 560
Planning and development		12 362	15 213	6 242	1 394	1 822	1 822	1 443	1 500	1 560
Road transport		-	302	532	1 140	1 140	1 140	100	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		187 998	178 792	200 838	218 861	225 302	225 302	255 944	274 605	292 060
Electricity		87 015	90 027	97 673	103 569	100 176	100 176	119 270	130 310	139 185
Water		59 825	43 253	50 134	51 567	51 633	51 633	59 315	63 504	66 907
Waste water management		27 400	29 327	34 961	42 722	51 473	51 473	46 176	46 384	49 105
Waste management		13 758	16 184	18 070	21 004	22 020	22 020	31 183	34 407	36 863
Other	4	189	189	216	196	207	207	484	524	576
Total Revenue - Standard	2	331 884	307 339	391 457	439 994	460 764	460 764	473 878	467 907	501 878
Expenditure - Standard										
Governance and administration		92 934	95 637	92 486	93 070	95 866	95 866	117 727	117 204	117 461
Executive and council		53 808	56 940	28 126	28 109	32 482	32 482	30 408	25 342	27 005
Budget and treasury office		17 139	18 189	27 106	20 928	17 306	17 306	36 206	38 499	37 960
Corporate services		21 988	20 508	37 255	44 033	46 078	46 078	51 113	53 363	52 496
Community and public safety		71 124	52 926	87 799	120 266	119 513	119 513	104 067	68 283	76 933
Community and social services		8 162	7 884	9 971	12 407	12 148	12 148	14 472	16 081	17 160
Sport and recreation		14 302	14 277	14 623	16 524	14 735	14 735	8 181	8 990	9 676
Public safety		17 482	17 562	17 050	23 199	20 367	20 367	15 582	16 315	17 264
Housing		31 147	13 185	46 156	68 137	72 264	72 264	65 832	26 898	32 833
Health		30	18	-	-	-	-	-	-	-
Economic and environmental services		24 736	24 357	26 217	30 459	31 423	31 423	18 219	20 335	20 841
Planning and development		7 852	7 375	9 066	11 731	13 077	13 077	8 831	9 398	9 805
Road transport		16 885	16 982	17 151	18 727	18 346	18 346	9 388	10 938	11 035
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		109 491	121 514	137 098	157 382	153 813	153 813	198 474	222 537	240 252
Electricity		65 455	70 246	81 826	96 253	93 715	93 715	113 918	129 139	138 942
Water		18 716	19 956	21 828	25 929	23 293	23 293	32 553	36 867	39 290
Waste water management		11 594	17 779	15 268	15 221	16 622	16 622	21 621	23 737	25 872
Waste management		13 727	13 534	18 177	19 979	20 182	20 182	30 382	32 794	36 148
Other	4	5 470	3 798	3 636	2 882	4 424	4 424	2 193	2 333	2 461
Total Expenditure - Standard	3	303 756	298 231	347 236	404 060	405 040	405 040	440 681	430 693	457 948
Surplus/(Deficit) for the year		28 128	9 108	44 221	35 934	55 725	55 725	33 197	37 214	43 930

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water as well as waste management function. Administrative functions have been charged to the respective service delivery departments and surpluses are absorbed by the allocation of administrative and other overhead cost associated with governance.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

**Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - Council		–	–	–	–	–	–	2 400	2 507	2 620
Vote 2 - Office of the Municipal Manager		20 540	22 150	31 455	37 281	37 244	37 244	25 847	31 796	34 740
Vote 3 - Community Services		55 552	34 868	79 965	109 011	117 996	117 996	111 367	75 789	84 522
Vote 4 - Corporate Services		239	401	9	259	809	809	0	359	9
Vote 5 - Financial Services		68 357	71 108	89 698	92 272	97 694	97 694	106 882	114 624	122 016
Vote 6 - Strategic Services		12 957	15 902	7 031	2 175	2 601	2 601	2 511	2 634	2 773
Vote 7 - Municipal Services and Infrastructure Development		174 240	162 910	183 300	198 997	204 421	204 421	224 861	240 198	255 197
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	331 884	307 339	391 457	439 994	460 764	460 764	473 878	467 907	501 878
Expenditure by Vote to be appropriated	1									
Vote 1 - Council		6 518	7 439	4 843	5 322	9 545	9 545	5 915	6 225	6 601
Vote 2 - Office of the Municipal Manager		42 304	43 956	24 662	24 263	21 281	21 281	26 013	20 848	21 301
Vote 3 - Community Services		84 820	66 442	105 975	141 608	140 268	140 268	136 075	102 806	114 918
Vote 4 - Corporate Services		14 147	14 110	13 444	16 933	17 032	17 032	22 143	22 078	20 162
Vote 5 - Financial Services		25 034	24 220	31 957	35 708	38 465	38 465	51 692	55 462	56 166
Vote 6 - Strategic Services		17 289	15 739	27 914	20 987	23 064	23 064	16 432	17 399	18 154
Vote 7 - Municipal Services and Infrastructure Development		113 645	126 326	138 440	159 239	155 384	155 384	182 411	205 875	220 646
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	303 756	298 231	347 236	404 060	405 040	405 040	440 681	430 693	457 948
Surplus/(Deficit) for the year	2	28 128	9 108	44 221	35 934	55 725	55 725	33 197	37 214	43 930

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of Bitou Municipality. This means it is possible to present the operating surplus or deficit of a vote.

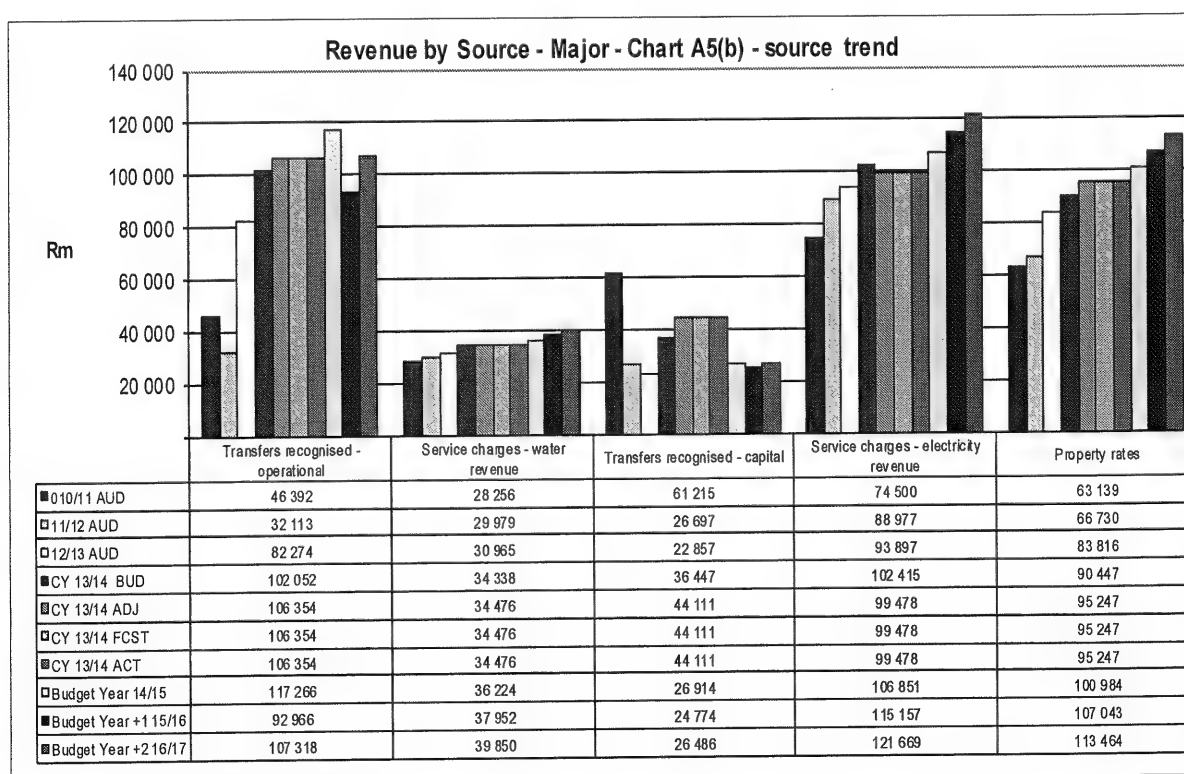


Table 14 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

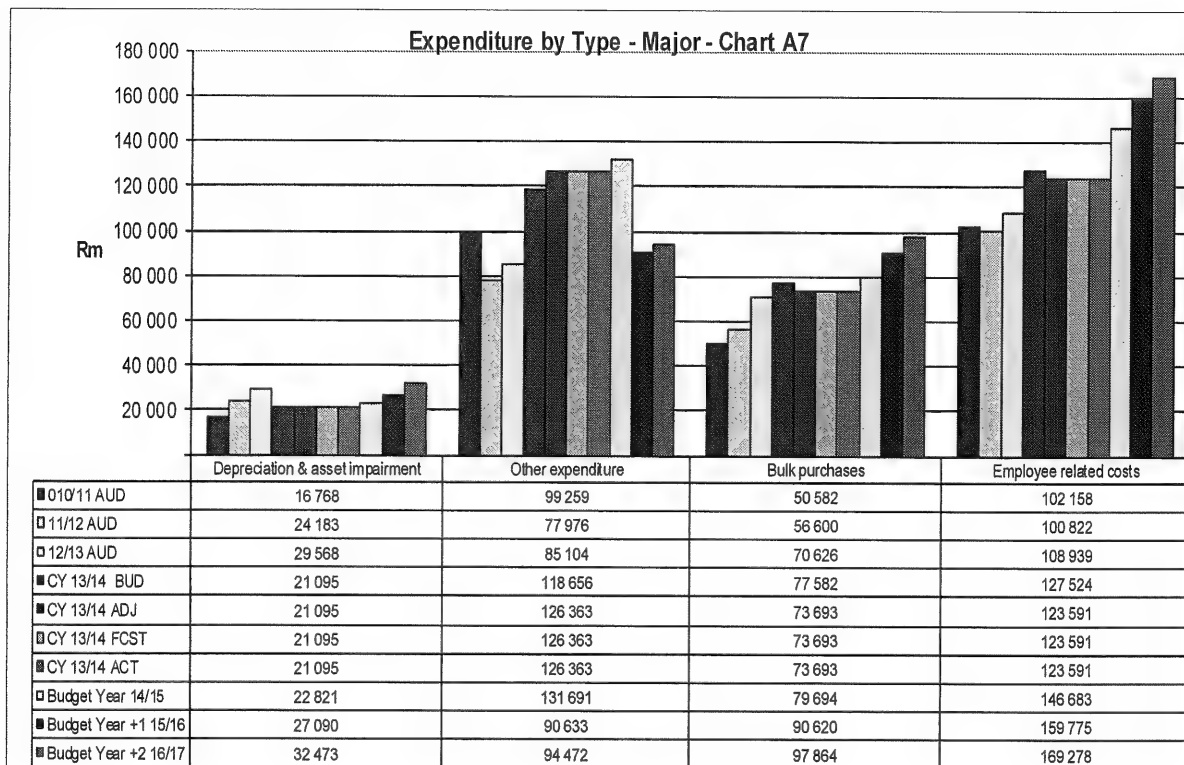
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Revenue By Source											
Property rates	2	63 139	66 730	83 816	90 447	95 247	95 247	95 247	100 984	107 043	113 464
Property rates - penalties & collection charges		2 780	3 162	-	3 300	3 300	3 300	3 300	3 485	3 680	3 882
Service charges - electricity revenue	2	74 500	88 977	93 897	102 415	99 478	99 478	99 478	106 851	115 157	121 669
Service charges - water revenue	2	28 256	29 979	30 965	34 338	34 476	34 476	34 476	36 224	37 952	39 850
Service charges - sanitation revenue	2	25 259	28 085	32 053	35 165	36 841	36 841	36 841	38 715	40 574	42 603
Service charges - refuse revenue	2	13 742	16 184	18 069	21 004	22 017	22 017	22 017	26 479	27 741	29 235
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		901	763	1 207	1 213	1 230	1 230	1 230	1 322	1 379	1 320
Interest earned - external investments		1 184	1 614	2 844	1 770	1 770	1 770	1 770	2 639	2 745	2 855
Interest earned - outstanding debtors		-	-	3 539	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		5 725	5 144	4 864	4 107	5 307	5 307	5 307	5 300	5 512	5 732
Licences and permits		61	94	65	74	74	74	74	74	76	80
Agency services		-	761	1 140	1 208	1 350	1 350	1 350	1 439	1 496	1 556
Transfers recognised - operational		46 392	32 113	82 274	102 052	106 354	106 354	106 354	117 266	92 966	107 318
Other revenue	2	8 732	6 647	13 866	6 455	9 209	9 209	9 209	6 186	6 813	5 828
Gains on disposal of PPE		-	391	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		270 669	280 642	368 600	403 548	416 653	416 653	416 653	446 964	443 133	475 392
Expenditure By Type											
Employee related costs	2	102 158	100 822	108 939	127 524	123 591	123 591	123 591	146 683	159 775	169 278
Remuneration of councillors		2 993	3 735	4 043	4 415	4 739	4 739	4 739	5 032	5 355	5 697
Debt impairment	3	12 124	10 468	11 650	15 019	15 019	15 019	15 019	15 920	16 870	17 888
Depreciation & asset impairment	2	16 768	24 183	29 588	21 095	21 095	21 095	21 095	22 821	27 090	32 473
Finance charges		10 496	12 792	13 559	13 845	13 927	13 927	13 927	13 837	14 598	15 182
Bulk purchases	2	50 582	56 600	70 626	77 582	73 693	73 693	73 693	79 694	90 620	97 864
Other materials	8	-	-	2 539	3 128	2 781	2 781	2 781	3 237	3 367	3 486
Contracted services		8 472	10 999	18 876	20 097	21 207	21 207	21 207	18 986	19 354	18 410
Transfers and grants		169	632	2 332	2 630	2 554	2 554	2 554	2 700	2 950	3 112
Other expenditure	4, 5	99 259	77 976	85 104	118 656	126 363	126 363	126 363	131 691	90 633	94 472
Loss on disposal of PPE		734	25	-	70	70	70	70	80	83	87
Total Expenditure		303 756	298 231	347 236	404 060	405 040	405 040	405 040	440 681	430 693	457 948
Surplus/(Deficit)											
Transfers recognised - capital	6	61 215	26 697	22 857	36 447	44 111	44 111	44 111	26 914	24 774	26 486
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		28 128	9 108	44 221	35 934	55 725	55 725	55 725	33 197	37 214	43 930
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		28 128	9 108	44 221	35 934	55 725	55 725	55 725	33 197	37 214	43 930
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		28 128	9 108	44 221	35 934	55 725	55 725	55 725	33 197	37 214	43 930
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		28 128	9 108	44 221	35 934	55 725	55 725	55 725	33 197	37 214	43 930

### Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 446.96 million in 2014/15 and decreases to R 443.13 million by 2015/16. This represents a year-on-year increase of 7.3% for the 2014/15 financial year and a decrease of 0.1% for the 2015/16 financial year.
2. Revenue to be generated from property rates is R100.98 million in the 2014/15 financial year and increases to R 107.04 million by 2015/16 which represents 22.6% of the operating revenue base of Bitou Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.6%, 5.8% and 5.6% for each of the respective financial years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of Bitou Municipality totaling R 208.27 million for the 2014/15 financial year and increasing to R 221.42 million by 2015/16. For the 2014/15 financial year services charges amount to 46.6% of the total revenue base.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that the reduction in the operating grants from 2014/2015 to 2015/2016 is as a result in the reduction of the housing allocation. The equitable share increases by 26.7% for the 2014/2015 year and by 38.5% and 40.2% for the 2014/2015 and 2015/2016 year respectively.
5. The following graph illustrates the major revenue items per type over the 7 year budget cycle.



6. The following graph illustrates the major expenditure items per type over the 7 year budget cycle.



**Figure 3 Expenditure by major type**

7. Bulk purchases have significantly increased over the 2014/2015 to 2016/2017 period escalating from R 79.6 Million to R 97.8 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		-	-	351	5 986	6 035	6 035	6 035	6 000	9 600	2 700
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-	1 000	1 000	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		-	-	8 981	19 859	26 760	26 760	26 760	351	11 300	12 900
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	9 331	25 845	32 795	32 795	32 795	7 351	21 900	15 600
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Council		54	43	11	350	350	350	350	-	-	-
Vote 2 - Office of the Municipal Manager		7	10	-	128	155	155	155	-	-	-
Vote 3 - Community Services		25 309	17 577	819	15 386	20 840	20 840	20 840	4 081	750	4 228
Vote 4 - Corporate Services		72	-	30	450	450	450	450	-	-	-
Vote 5 - Financial Services		2 161	2 414	59	910	2 223	2 223	2 223	1 483	-	-
Vote 6 - Strategic Services		8 262	38	218	445	523	523	523	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		63 041	17 470	30 290	8 647	15 474	15 474	15 474	29 613	12 396	8 795
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		98 905	37 551	31 427	26 316	40 015	40 015	40 015	35 178	13 146	13 023
<b>Total Capital Expenditure - Vote</b>		98 905	37 551	40 758	52 161	72 809	72 809	72 809	42 528	35 046	28 623
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		2 293	2 467	306	1 880	3 298	3 298	3 298	2 483	1 000	-
Executive and council		61	53	63	478	615	615	615	-	-	-
Budget and treasury office		50	28	-	600	1 063	1 063	1 063	1 000	1 000	-
Corporate services		2 182	2 386	242	802	1 620	1 620	1 620	1 483	-	-
<b>Community and public safety</b>		25 309	17 386	1 170	16 716	19 510	19 510	19 510	2 454	5 350	6 928
Community and social services		4 640	9 625	410	1 799	1 848	1 848	1 848	1 154	750	500
Sport and recreation		6 185	2	284	351	3 077	3 077	3 077	-	2 600	3 188
Public safety		1 411	759	435	1 498	1 533	1 533	1 533	1 300	2 000	3 240
Housing		13 072	7 000	40	13 068	13 053	13 053	13 053	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		18 591	7 766	16 002	4 544	4 544	4 544	4 544	8 552	5 037	3 000
Planning and development		8 262	38	12	403	403	403	403	-	-	-
Road transport		10 330	7 727	15 990	4 141	4 141	4 141	4 141	8 552	5 037	3 000
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		52 711	9 932	23 281	29 021	45 457	45 457	45 457	29 039	23 659	18 695
Electricity		14 437	2 077	2 411	3 449	9 403	9 403	9 403	11 111	6 400	7 900
Water		36 291	7 039	11 588	10 273	11 145	11 145	11 145	5 701	7 659	7 795
Waste water management		1 983	625	9 282	10 643	17 544	17 544	17 544	4 600	4 600	3 000
Waste management		-	190	-	4 656	7 364	7 364	7 364	7 627	5 000	-
Other		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	98 905	37 551	40 758	52 161	72 809	72 809	72 809	42 528	35 046	28 623
<b>Funded by:</b>											
National Government		56 484	21 741	19 718	14 776	15 776	15 776	15 776	24 591	22 346	23 970
Provincial Government		16 724	5 143	11 846	17 249	23 095	23 095	23 095	1 154	750	500
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	73 207	26 883	31 565	32 026	38 872	38 872	38 872	25 745	23 096	24 470
Public contributions & donations	5	-	-	142	-	2 535	2 535	2 535	-	-	-
Borrowing	6	6 881	3 841	8 836	16 395	21 355	21 355	21 355	10 000	10 000	-
Internally generated funds		18 816	6 826	216	3 741	10 048	10 048	10 048	6 783	1 950	4 153
<b>Total Capital Funding</b>	7	98 905	37 551	40 758	52 161	72 809	72 809	72 809	42 528	35 046	28 623

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations. Multi-year projects are those projects that will not be commissioned at the end of the financial year but will stretch over more than one financial year.
3. Single-year capital expenditure has been appropriated at R 42,5 million for the 2014/15 financial year and relatively decreases over the MTREF at levels of R 35,0 million and R 28,6 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of Bitou Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital program is funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year anticipated surpluses. For 2014/15, capital transfers totals R 25.7 million and decrease to R 23.0 million by 2015/16. Borrowing has been provided at R 10 million over the MTREF with internally generated funding totaling R 6.7 million in the 2014/15 financial year.

Table 16 MBRR Table A6 - Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Current assets											
Cash		6 493	1 576	31 687	(7 038)	3 828	3 828	3 828	29 682	36 884	48 900
Call investment deposits	1	10 191	27 044	10 522	35 000	35 000	35 000	35 000	45 000	90 000	140 000
Consumer debtors	1	36 252	43 298	41 320	31 418	41 041	41 041	41 041	40 883	40 753	40 540
Other debtors		10 958	1 249	5 695	2 315	3 021	3 021	3 021	4 531	4 758	4 996
Current portion of long-term receivables		75	78	76	79	75	75	75	60	-	-
Inventory	2	2 180	2 543	2 877	2 415	2 415	2 415	3 600	3 600	3 960	4 356
Total current assets		66 149	75 787	92 177	64 188	85 380	85 380	86 566	123 757	176 356	238 793
Non current assets											
Long-term receivables		291	212	135	133	60	60	60	-	-	-
Investments		3 972	4 275	4 578	4 892	5 351	5 351	5 351	5 671	6 068	6 493
Investment property		97 422	93 479	90 393	97 087	90 225	90 225	90 225	90 057	89 889	89 721
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	527 958	605 996	620 930	614 859	673 032	672 994	672 994	693 041	701 376	697 938
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		9 287	4 766	4 108	4 182	3 905	3 926	3 926	3 755	3 545	3 301
Other non-current assets		-	17	17	-	-	17	17	17	17	17
Total non current assets		638 930	708 744	720 161	721 153	772 572	772 572	772 572	792 541	800 894	797 468
TOTAL ASSETS		705 079	784 531	812 337	785 341	857 953	857 953	859 138	916 297	977 249	1 036 261
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	7 851	9 444	11 169	12 795	12 795	12 795	12 795	13 531	14 423	14 815
Consumer deposits		4 282	4 477	5 225	4 791	4 791	4 791	4 791	5 712	5 969	6 237
Trade and other payables	4	96 468	79 271	55 599	46 893	46 893	55 223	55 223	45 399	49 106	53 183
Provisions		14 517	15 605	23 953	1 600	8 489	8 489	8 489	11 145	12 495	13 278
Total current liabilities		123 118	108 797	95 947	66 079	72 967	81 298	81 298	75 787	81 993	87 514
Non current liabilities											
Borrowing		94 754	115 711	116 607	116 920	116 920	114 198	114 198	110 336	105 707	90 806
Provisions		48 014	65 424	60 963	77 103	77 103	77 103	77 103	73 828	84 973	97 468
Total non current liabilities		142 769	181 135	177 569	194 023	194 023	191 301	191 301	184 164	190 680	188 274
TOTAL LIABILITIES		265 887	289 931	273 516	260 102	266 990	272 599	272 599	259 951	272 673	275 788
NET ASSETS	5	439 193	494 600	538 821	525 240	590 963	585 354	586 540	656 347	704 576	760 473
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		437 851	494 600	533 821	523 240	588 963	583 354	579 540	647 347	692 576	745 473
Reserves	4	1 342	-	5 000	2 000	2 000	2 000	7 000	9 000	12 000	15 000
Minorities' interests		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	439 193	494 600	538 821	525 240	590 963	585 354	586 540	656 347	704 576	760 473

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (Table SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 17 MBRR Table A7 - Budgeted Cash Flow Statement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		224 059	239 154	259 933	285 393	293 961	293 961	293 961	318 302	338 122	355 399
Government - operating	1	46 392	38 767	77 220	102 052	106 354	106 354	106 354	117 266	92 966	107 318
Government - capital	1	61 215	26 697	22 857	36 447	31 412	31 412	31 412	26 914	24 774	26 486
Interest		3 964	4 775	6 383	1 770	1 770	1 770	1 770	2 639	2 745	2 855
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(236 099)	(267 974)	(298 994)	(350 319)	(351 582)	(351 582)	(351 582)	(366 745)	(349 529)	(368 467)
Finance charges		(10 496)	(12 792)	(13 864)	(13 845)	(13 845)	(13 845)	(13 845)	(13 837)	(14 598)	(15 182)
Transfers and Grants	1	(169)	(632)	(2 332)	(2 577)	(2 554)	(2 554)	(2 554)	(2 700)	(2 950)	(3 112)
NET CASH FROM/(USED) OPERATING ACTIVITIES		88 865	27 995	51 203	58 919	65 515	65 515	65 515	81 839	91 531	105 298
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2 815	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		88	77	78	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(302)	(303)	(302)	-	-	-	-	320	397	425
Payments											
Capital assets		(104 221)	(35 684)	(40 758)	(50 335)	(72 809)	(72 809)	(72 809)	(42 528)	(35 046)	(28 623)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 622)	(35 911)	(40 983)	(50 335)	(72 809)	(72 809)	(72 809)	(42 208)	(34 649)	(28 198)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		19 084	30 330	13 795	12 000	16 395	16 395	16 395	10 000	10 000	-
Increase (decrease) in consumer deposits		334	195	748	314	314	314	314	(246)	(257)	(269)
Payments											
Repayment of borrowing		(6 582)	(10 674)	(11 175)	(12 795)	(12 795)	(12 795)	(12 795)	(13 531)	(14 423)	(14 815)
NET CASH FROM/(USED) FINANCING ACTIVITIES		12 836	19 852	3 369	(481)	3 914	3 914	3 914	(3 777)	(4 680)	(15 084)
NET INCREASE/ (DECREASE) IN CASH HELD		80	11 936	13 589	8 103	(3 380)	(3 380)	(3 380)	35 854	52 202	62 016
Cash/cash equivalents at the year begin:	2	16 604	16 684	28 620	19 859	42 208	42 208	42 208	38 828	74 682	126 884
Cash/cash equivalents at the year end:	2	16 684	28 620	42 208	27 962	38 828	38 828	38 828	74 682	126 884	188 900

## Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The cash levels of Bitou Municipality are gradually improving with an increase in cash and cash equivalents for the 2013/14 financial period, anticipated to decrease in the 2014/15 financial year improving over the MTREF.
4. A cash surplus is expected over the MTREF indicating that the budget is cash backed in respect of cash in and out flows.



**Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	16 684	28 620	42 208	27 962	38 828	38 828	38 828	74 682	126 884	188 900
Other current investments > 90 days		0	0	0	-	-	-	-	-	-	-
Non current assets - Investments	1	3 972	4 275	4 578	4 892	5 351	5 351	5 351	5 671	6 068	6 493
Cash and investments available:		20 655	32 895	46 786	32 854	44 179	44 179	44 179	80 353	132 952	195 393
Application of cash and investments											
Unspent conditional transfers		33 981	40 915	24 964	-	-	8 330	8 330	8 330	8 330	8 330
Unspent borrowing		-	-	4 960	565	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	14 780	(10 037)	(12 598)	14 647	4 854	4 854	4 854	(7 130)	(3 517)	541
Other provisions		62 531	81 029	84 916	78 703	85 592	51 355	51 355	59 481	97 468	110 747
Long term investments committed	4	3 972	4 275	4 578	4 892	5 351	5 351	5 351	5 671	6 068	6 493
Reserves to be backed by cash/investments	5	1 342	-	5 000	2 000	2 000	2 000	7 000	9 000	12 000	15 000
Total Application of cash and investments:		116 605	116 181	111 820	100 807	97 796	71 889	76 889	75 352	120 349	141 111
Surplus(shortfall)		(95 950)	(83 286)	(65 034)	(67 953)	(53 617)	(27 711)	(32 711)	5 002	12 603	54 282

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

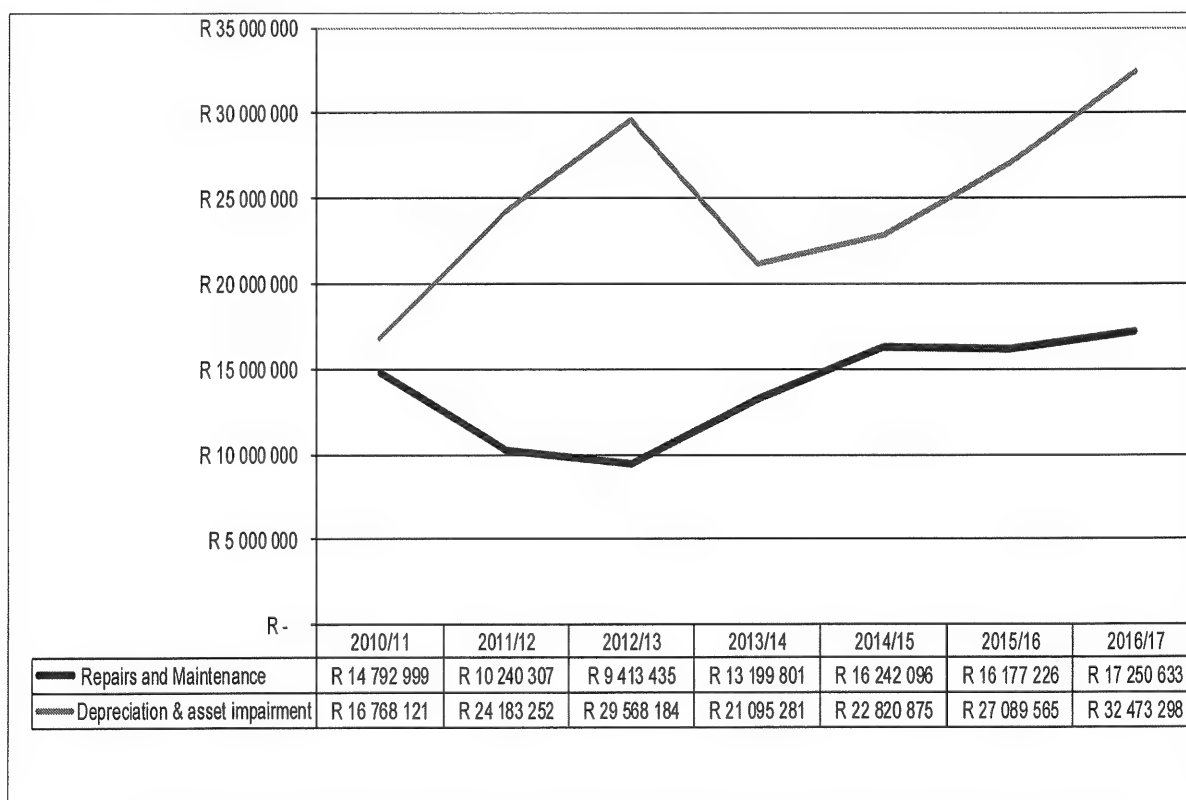
1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. There is compliance with section 18 of the MFMA because the budget is funded and there is no shortfall.
5. From the table it can be seen that for the financial period 2003/14 a shortfall is reflected, it will however improve over the MTREF indicating a recovery.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that from the draft 2014/15 MTREF the budget is funded.

Table 19 MBRR Table A9 - Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	98 905	37 551	28 243	32 040	39 944	39 944	37 521	22 759	17 748
Infrastructure - Road transport		10 314	7 724	5 506	1 216	1 216	1 216	—	—	—
Infrastructure - Electricity		6 821	1 509	2 736	—	3 365	3 365	9 111	6 400	7 900
Infrastructure - Water		32 990	5 392	7 634	9 175	9 175	9 175	6 211	7 009	5 620
Infrastructure - Sanitation		1 875	197	4 261	350	580	580	4 000	1 600	—
Infrastructure - Other		—	190	6 700	16 070	16 070	16 070	15 382	5 000	—
Infrastructure		52 000	15 012	26 837	26 811	30 406	30 406	34 704	20 009	13 520
Community		27 998	16 882	557	1 355	1 509	1 509	600	750	3 480
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	18 906	5 658	850	3 875	8 028	8 028	2 202	2 000	748
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	15	—	—
Total Renewal of Existing Assets	2	—	—	12 516	20 121	32 866	32 866	5 008	12 287	10 875
Infrastructure - Road transport		—	—	10 457	2 300	2 300	2 300	797	5 037	3 000
Infrastructure - Electricity		—	—	219	2 283	4 664	4 664	2 000	—	—
Infrastructure - Water		—	—	—	250	830	830	400	1 500	2 000
Infrastructure - Sanitation		—	—	1 698	10 233	16 904	16 904	600	3 000	3 000
Infrastructure - Other		—	—	—	—	—	—	—	—	—
Infrastructure		—	—	12 374	15 066	24 698	24 698	3 797	9 537	8 000
Community		—	—	—	—	2 683	2 683	—	2 600	2 700
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	—	—	142	5 055	5 485	5 485	1 210	150	175
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	—	—	—
Total Capital Expenditure	4	10 314	7 724	15 963	3 516	3 516	3 516	797	5 037	3 000
Infrastructure - Road transport		6 821	1 509	2 955	2 283	8 029	8 029	11 111	6 400	7 900
Infrastructure - Electricity		32 990	5 392	7 634	9 425	10 004	10 004	6 611	8 509	7 620
Infrastructure - Water		1 875	197	5 959	10 583	17 484	17 484	4 600	4 600	3 000
Infrastructure - Sanitation		—	190	6 700	16 070	16 070	16 070	15 382	5 000	—
Infrastructure - Other		52 000	15 012	39 210	41 877	55 104	55 104	38 501	29 546	21 520
Infrastructure		27 998	16 882	557	1 355	4 192	4 192	600	3 350	6 180
Community		—	—	—	—	—	—	—	—	—
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6	18 906	5 658	992	8 930	13 513	13 513	3 412	2 150	923
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		—	—	—	—	—	—	15	—	—
TOTAL CAPITAL EXPENDITURE - Asset class	2	98 905	37 551	40 758	52 161	72 809	72 809	42 528	35 046	28 623
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	86 487	88 834	103 327	85 094	97 680	102 397	98 637	98 329	95 024
Infrastructure - Electricity		62 344	65 601	72 009	62 573	76 185	77 178	85 029	87 507	90 548
Infrastructure - Water		129 530	131 967	134 896	134 839	149 724	138 795	139 181	140 332	139 130
Infrastructure - Sanitation		50 765	51 129	54 157	63 904	73 262	68 564	69 884	70 602	68 990
Infrastructure - Other		130	285	428	16 062	5 274	15 996	30 390	34 094	32 594
Infrastructure		329 257	337 826	364 617	362 472	402 125	402 931	423 121	430 863	426 286
Community		22 150	31 858	30 761	31 765	31 899	33 506	32 612	34 150	37 983
Heritage assets		—	17	17	16	17	17	17	17	17
Investment properties		97 422	93 479	90 393	97 087	90 225	90 225	90 057	89 889	89 721
Other assets		176 550	236 313	225 552	220 606	238 992	236 558	237 307	236 362	233 668
Agricultural Assets		—	—	—	—	—	—	—	—	—
Biological assets		—	—	—	—	—	—	—	—	—
Intangibles		9 287	4 766	4 108	4 182	3 905	3 926	3 755	3 545	3 301
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	634 668	704 258	715 448	716 129	767 162	767 162	786 870	794 826	790 975
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	16 788	24 183	29 568	21 095	21 095	21 095	22 821	27 090	32 473
Repairs and Maintenance by Asset Class		14 793	10 240	9 413	11 853	13 200	13 200	16 242	16 177	17 251
Infrastructure - Road transport		861	1 793	1 173	1 480	1 790	1 790	2 485	2 561	2 820
Infrastructure - Electricity		1 300	1 688	1 540	690	2 017	2 017	2 874	3 200	3 620
Infrastructure - Water		341	31	1 165	831	831	831	722	761	792
Infrastructure - Sanitation		1 324	959	1 257	1 848	1 848	1 848	2 828	1 931	1 985
Infrastructure - Other		2 117	881	623	690	690	690	690	718	746
Infrastructure		5 941	5 352	5 758	5 539	7 176	7 176	9 598	9 170	9 963
Community		3 135	2 097	815	1 659	1 753	1 753	1 832	1 931	2 008
Heritage assets		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
Other assets	6, 7	5 717	2 792	2 841	4 655	4 271	4 271	4 812	5 076	5 280
TOTAL EXPENDITURE OTHER ITEMS		31 561	34 424	38 982	32 948	34 295	34 295	39 063	43 267	49 724
Renewal of Existing Assets as % of total capex		0.0%	0.0%	30.7%	38.6%	45.1%	45.1%	11.8%	35.1%	38.0%
Renewal of Existing Assets as % of deprecn		0.0%	0.0%	42.3%	95.4%	155.8%	155.8%	21.9%	45.4%	33.5%
R&M as a % of PPE		2.8%	1.7%	1.5%	1.9%	2.0%	2.0%	2.3%	2.3%	2.5%
Renewal and R&M as a % of PPE		2.0%	1.0%	3.0%	4.0%	6.0%	6.0%	3.0%	4.0%	4.0%

### Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40% of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8% of PPE. The Municipality does not meet these recommendations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights Bitou Municipality's strategy to address the maintenance backlog.



**Figure 4 Depreciation in relation to repairs and maintenance over the MTREF**

Table 20 MBRR Table A10 - Basic Service Delivery Measurement

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		12 926	13 103	10 323	10 873	10 873	10 873	11 543	12 243	-
Piped water inside yard (but not in dwelling)		5 642	6 000	6 459	6 782	6 782	6 782	7 121	7 477	-
Using public tap (at least min.service level)	2	1 035	1 035	298	398	398	398	448	518	-
Other water supply (at least min.service level)	4	-	-	1 220	1 281	1 281	1 281	1 345	1 412	-
<i>Minimum Service Level and Above sub-total</i>		19 603	20 138	18 300	19 334	19 334	19 334	20 457	21 650	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	160	171	183	192	192	192	202	212	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		160	171	183	192	192	192	202	212	-
<b>Total number of households</b>	5	19 762	20 309	18 483	19 526	19 526	19 526	20 659	21 862	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		13 563	13 727	16 802	17 449	17 449	17 449	17 799	18 099	-
Flush toilet (with septic tank)		372	372	-	-	-	-	-	-	-
Chemical toilet		4	4	-	-	-	-	-	-	-
Pit toilet (ventilated)		2	474	1 104	457	457	457	107	-	-
Other toilet provisions (> min.service level)		-	801	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		13 941	15 378	17 906	17 906	17 906	17 906	17 906	18 099	-
Bucket toilet		179	192	205	204	204	204	116	59	-
Other toilet provisions (< min.service level)		325	348	372	222	222	222	122	72	-
No toilet provisions		-	173	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		505	713	578	427	427	427	239	132	-
<b>Total number of households</b>	5	14 446	16 091	18 484	18 333	18 333	18 333	18 145	18 231	-
<b>Energy:</b>										
Electricity (at least min.service level)		4 827	4 866	1 665	1 965	1 965	1 965	2 315	2 815	-
Electricity - prepaid (min.service level)		4 572	4 777	12 775	13 275	13 275	13 275	14 025	14 875	-
<i>Minimum Service Level and Above sub-total</i>		9 399	9 643	14 440	15 240	15 240	15 240	16 340	17 690	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		3 531	644	4 043	4 245	4 245	4 245	4 457	4 680	-
<i>Below Minimum Service Level sub-total</i>		3 531	644	4 043	4 245	4 245	4 245	4 457	4 680	-
<b>Total number of households</b>	5	12 930	10 287	18 483	19 485	19 485	19 485	20 797	22 370	-
<b>Refuse:</b>										
Removed at least once a week		15 087	15 186	18 277	18 827	18 827	18 827	19 707	20 707	-
<i>Minimum Service Level and Above sub-total</i>		15 087	15 186	18 277	18 827	18 827	18 827	19 707	20 707	-
Removed less frequently than once a week		131	140	150	210	210	210	265	353	-
Using communal refuse dump		0	0	0	0	0	0	0	1	-
Using own refuse dump		42	44	48	50	50	50	52	55	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		7	7	8	6	6	6	6	7	-
<i>Below Minimum Service Level sub-total</i>		180	193	206	267	267	267	324	415	-
<b>Total number of households</b>	5	15 267	15 379	18 483	19 093	19 093	19 093	20 031	21 122	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		6 270	6 583	5 443	6 003	6 003	6 003	6 703	7 553	-
Sanitation (free minimum level service)		2 127	2 233	2 278	2 778	2 778	2 778	3 478	4 328	-
Electricity/other energy (50kwh per household per month)		4 240	4 452	6 170	6 370	6 370	6 370	6 570	6 870	-
Refuse (removed at least once a week)		2 127	2 233	2 278	2 728	2 728	2 728	3 078	3 538	-

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cost of Free Basic Services provided (R'000)</b>	8	1 805	1 986	1 692	1 693	1 693	1 693	1 694	1 695	-
Water (6 kilolitres per household per month)		1 523	1 676	3 110	3 111	3 111	3 111	3 266	3 429	-
Sanitation (free sanitation service)		2 689	2 958	2 125	2 126	2 126	2 126	2 232	2 344	-
Electricity/other energy (50kwh per household per month)		1 277	1 404	4 169	4 170	4 170	4 170	4 378	4 597	-
Refuse (removed once a week)		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided (minimum social package)</b>		<b>7 294</b>	<b>8 023</b>	<b>11 096</b>	<b>11 099</b>	<b>11 099</b>	<b>11 099</b>	<b>11 571</b>	<b>12 066</b>	<b>-</b>
<b>Highest level of free service provided</b>										
Property rates (R value threshold)		330 000	330 000	350 000	350 000	350 000	350 000	350 000	350 000	350 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)	n/a	-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		228	251	291	310	310	310	325	342	359
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		240	240	240	240	240	240	240	240	240
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)		592	636	109	109	109	109	205	270	335
Property rates (other exemptions, reductions and rebates)		2 276	3 082	6 725	9 500	9 500	9 500	9 330	9 890	10 483
Water		1 818	2 013	2 107	2 318	2 318	2 318	3 798	3 988	4 187
Sanitation		2 464	2 623	2 782	3 148	3 148	3 148	3 101	3 256	3 419
Electricity/other energy		1 771	1 943	2 114	3 063	3 063	3 063	2 457	2 629	2 800
Refuse		2 010	2 157	2 304	3 014	3 014	3 014	2 599	2 742	2 893
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of free services provided (total social package)</b>		<b>10 932</b>	<b>12 454</b>	<b>16 142</b>	<b>21 152</b>	<b>21 152</b>	<b>21 152</b>	<b>21 491</b>	<b>22 775</b>	<b>24 117</b>

### Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

## **Part 2 – Supporting Documentation**

### **4.1 Overview of the annual budget process**

#### **Political overview of the budget process**

Section 53 of the MFMA stipulates that the Mayor should exercise general political guidance over the budgeting process and must direct the drafting of the budget.

#### **4.1.1 Budget Process Overview**

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year, a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule on 20 August 2013. Key dates applicable to the process were:

- **09-19 September 2013**– Public meetings with ward 2 and 4
- **02-09 October 2013** – Public meetings with ward 1, 3, 5, 6, and ward 7.
- **29 October 2013** – IDP forum meeting.
- **November 2012** – Budget steering Committee meeting to determine strategic direction of the municipality for the MTREF and the adjustment budget for 2013/2014.
- **05 February 2014** – IDP/ Budget workshop.
- **17 February 2014** – IDP steering Committee workshop.
- **24 February 2014** – IDP forum meeting
- **01-28 April 2014** - public participation of draft budget
- **31 May 2014** – Submission of the budget to council for consideration and approval

#### **4.1.2 IDP and Service Delivery and Budget Implementation Plan**

The 2014/2015 and MTREF is the second review of the third IDP Cycle and the consultation process commenced after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2014/15 MTREF in August 2013.

Bitou Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan includes the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and

- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2014/15 MTREF, based on the approved 2013/14 MTREF, Mid-year Review and adjustments budget. The planning process has subsequently been adjusted after considering the revised revenue projections and expenditure patterns contained in the approved adjustments budget.

With the compilation of the 2014/15 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2013/14 adjusted budget.

#### **4.1.3 Financial Modeling and Key Planning Drivers**

As part of the compilation of the 2014/15 MTREF, extensive financial analysis was undertaken for a variety of expenditure items and categories to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2014/15 MTREF:

- Growth in the Local Economy
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns as evident from Census 2011)
- Performance trends
- The approved 2013/14 adjustments budget and Year to Date performance
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the contents of the National Treasury's MFMA previous budget related Circulars and recent ones in Circular 70 and 72 have been taken into account in the planning and prioritisation process.

#### **4.1.4 Community Consultation**

The draft 2014/15 MTREF as tabled before Council today will be published in the local media and municipal notice boards, libraries and on the municipality's website to afford the community the opportunity to provide input on the draft budget and to ensure transparency in the financial management processes of the municipality.

The input received from the local community will be considered prior to the finalisation and submission of the final budget for approval by council end of May 2014.

### **4.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African

society as highlighted in the National Development Plan can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. This is the second review of the third IDP cycle of 5 years and it is of essence that all stakeholders actively participate in the IDP process in order to ensure appropriate priorities are linked to scarce funding sources.

One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and Bitou Municipality's response to these requirements. The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- The National Development Plan
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and

**Table 21 IDP Strategic Objectives**

2014/15 MTREF	
1.	To ensure efficient and affordable basic services to all residents of Bitou
2.	To strengthen the economy of Bitou for sustainable growth and job creation
3.	To develop a municipal governance system that complies with international best practice
4.	Create an institution that can align planning with implementation for effective and efficient service delivery
5.	To be a financially viable institution geared to provide affordable and sustainable services to the clientele of Bitou municipality

In order to ensure integrated and focused service delivery between all spheres of government it was important for Bitou Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.



Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
  - Provide electricity;
  - Provide water;
  - Provide sanitation;
  - Provide waste removal;
  - Provide housing;
  - Provide roads and storm water;
  - Provide public transport;
  - Provide city planning services; and
  - Maintaining the infrastructure of Bitou Municipality.
2. Economic growth and development that leads to sustainable job creation by:
  - Ensuring there is spatial development framework for Bitou Municipality;
  - Ensuring planning processes function in accordance with set timeframes;
  - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
  - Effective implementation of the Indigent Policy;
  - Extending waste removal services and ensuring an effective cleansing service;
  - Ensuring all waste water treatment works are operating optimally and retaining green drop status;
  - Creating a safe environment for our communities in collaboration with the SAPS;
  - Ensuring safe working environments by effective enforcement of building and health regulations;
  - Promote viable, sustainable communities through proper zoning; and
  - Promote environmental sustainability by protecting wetlands, the seashore and key public open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
  - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated.
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
  - Optimizing effective community participation in the ward committee system; and
  - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound transparent and accountable governance through:
  - Publishing the outcomes of all tender processes on the municipal website
  - Establishing a well-functioning audit- and oversight committee and MPAC
- 5.2 Ensure financial sustainability through:
  - Carefully evaluating all spending decisions
  - Limiting the use of consultants and reviewing the use of contracted services
  - Ensuring value for money spending in all procurement processes.

- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

### 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

- Implementation of the revised organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for Bitou Municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, Bitou Municipality needs to undertake an extensive planning and developmental strategy that will primarily focus on a longer-term horizon; 15 to 20 years. This process is necessary to influence the future development path and to set clear goals for the future development within the municipal area. The strategy needs to target future developmental opportunities in traditional dormitory settlements. It should provide direction to Bitou Municipality's IDP, associated sectorial plans and strategies, and the allocation of resources from the municipality and other service delivery partners. A step in the right direction has been taken by developing a long term financial plan which not only takes into account financial analysis but broader analysis which includes condition of the infrastructure, social and economic trends.

The 2014/15 MTREF has therefore been directly informed by the IDP process and the following tables provide reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 22 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Basic services and infrastructure development			230 955	198 336	264 219	308 442	323 000	323 000	336 703	316 479	340 229
Local Economic Development			11 389	14 845	5 503	1 155	1 446	1 446	1 452	1 532	1 626
Good Governance and Transformation			21 109	23 001	30 468	37 124	37 591	37 591	25 035	32 728	35 347
Institutional Development			2 827	1 312	7 365	1 450	2 090	2 090	4 265	3 022	3 156
Financial viability			65 604	69 845	83 902	91 822	96 637	96 637	106 423	114 147	121 520
Allocations to other priorities		2									
Total Revenue (excluding capital transfers and cont		1	331 884	307 339	391 457	439 994	460 764	460 764	473 878	467 907	501 878

**Table 23 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand													
Basic services and infrastructure development					192 417	185 104	235 008	288 774	285 339	285 339	310 166	300 066	326 449
Local Economic Development					17 741	14 809	17 374	19 632	21 447	21 447	11 893	12 673	13 219
Good Governance and Transformation					53 163	62 098	51 390	36 937	38 800	38 800	41 185	41 971	40 390
Institutional Development					28 966	23 915	29 808	28 109	32 482	32 482	30 408	25 342	27 005
Financial viability					11 470	12 306	13 655	30 608	26 971	26 971	47 030	50 640	50 884
Allocations to other priorities													
Total Expenditure				1	303 756	298 231	347 236	404 060	405 040	405 040	440 681	430 693	457 948

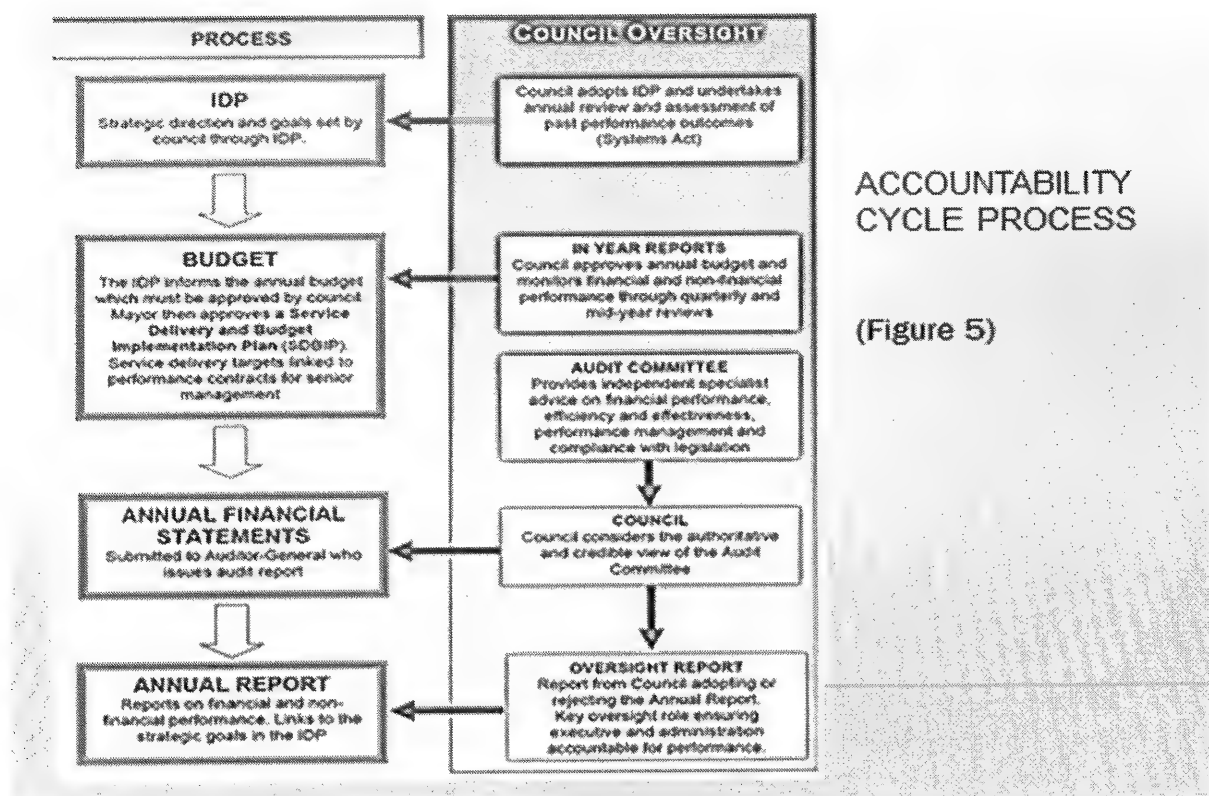
**Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
Basic services and infrastructure development		A		87 643	35 082	40 441	49 297	68 485	68 485	40 045	34 046	28 323
Local Economic Development		B		733	2	12	705	748	748	-	-	300
Good Governance and Transformation		C		8 314	-	236	789	894	894	-	-	-
Institutional Development		D		54	53	11	460	460	460	-	-	-
Financial viability		E		2 161	2 414	59	910	2 223	2 223	2 483	1 000	-
Allocations to other priorities			3									
Total Capital Expenditure			1	98 905	37 551	40 758	52 161	72 809	72 809	42 528	35 046	28 623

### 4.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, Bitou Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



(Figure 5)

**Figure 5 Planning, budgeting and reporting cycle**

The performance of Bitou Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. Bitou Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by Bitou Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:

The following table provides some of the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 25 MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Municipal Services and Infrastructure</b>										
<b>Water</b>										
<b>Water Distribution</b>										
Reduction in Backlogs: Access to Water										
Number of new water connections	number	252	177					600 000		
Replacement and improvement of Whalerock					8 000 000					
Relocation of pump station Poorfies							515 000			
Upgrade inlet works for the Kurland Treatment	1						2 955 000			
Upgrade of Kwano Outfall sewer	1									
% of the water maintenance budget spent	%	1	1							
Complete Phase 3 of the upgrade of the water							737 000			
Installation of suction booster system								2 684 000		
Complete Phase 1 and 2 for the construction of							8 437 000			
Replacement of ac pipes (reticulation and	number						400 000	1 000 000		
New rising main from Roodetfontein to Water									6 796 000	
Upgrade Oxi to ozone generators					850 000		540 000			
Review the Water Service Development Plan	Document				380 000				450 000	
Capital Budget spent	%	1								
<b>Waste Water/ Sanitation</b>										
<b>Waste Water/ Sanitation Management</b>										
Review the Waste Water Master Plan by the	Document						400 000			
Refurbish Pump station 23, 2, 3 - Kwano	3				1 000 000		3 000 000			
Number of new sewer connections	Number	210	145							
% of the sanitation maintenance budget spent	%	1	1							
Capital Budget spent	%	1								
<b>Storm Water</b>										
Development of a Stormwater Master Plan by	Document				280 000		450 000			
% of the storm water maintenance budget	%	1	1							
New stormwater pipe improvements	Channels and pipelines						300 000	3 294 000	4 282 000	
Maintain existing stormwater infrastructure in										
<b>Roads</b>										
<b>Roads</b>										
Reseal existing road	Km				4 000 000		2 000 000	1 000 000	1 000 000	
Construction of new roads	Km	4					2 632 000	5 263 000		
Construction of a new taxi route	Km						1 216 000	4 970 000		
Review of the Pavement Management System	Document									
Capital Budget spent	%	1								
% of the roads maintenance budget spent	%	1	1							
<b>Electricity</b>										
<b>Electricity</b>										
Completion of 66Kv feeder bay at Robberg										
Upgrade of transformer from 10 MVA to										
New substation for Kwano (Phase 1 civil					250 000		1 270 000		4 366 000	
Provision of new Electricity connections	Number	509	244							
New electricity connections for Kwano and	Number (350)						2 632 000			
New electricity connections for Kurland Zawa	Number (102)			500 000	500 000	500 000				
Upgrade mv cables Pielt	Number							500 000		
Installation of new high mast lights	Number							3 361 000		
Replacement of existing sub stations	Number							500 000	500 000	
% of the electricity maintenance budget spent	%	1	1							
Capital Budget spent	%	1								
New streetlights	Number	22								
MIG Capital Spending	%	1	1							
<b>Financial Services</b>										
<b>Revenue Services</b>										
<b>Indigent Administration</b>										
Access to free basic Services	Number of Subsidies			1 800	1 800	1 800	2 440	3 400	3 600	3 800
<b>Debtors Administration</b>										
Access to subsidised Services	Number of Subsidies			5 200	5 200	5 200	5 500	5 800	6 100	6 400
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2014/15 MTREF.

**Table 26 MBRR Table SA8 - Performance indicators and benchmarks**

Description of financial indicator	Basis of calculation	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b><u>Borrowing Management</u></b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	5.6%	7.9%	7.1%	6.6%	6.6%	6.6%	6.6%	6.2%	6.7%	6.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	7.6%	9.4%	8.6%	8.8%	8.6%	8.6%	8.6%	8.3%	8.3%	8.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	74.3%	284.3%	152.4%	59.6%	52.2%	52.2%	52.2%	59.6%	83.7%	0.0%
<b><u>Safety of Capital</u></b>											
Gearing	Long Term Borrowing/ Funds & Reserves	7062.7%	0.0%	2332.1%	5846.0%	5846.0%	5846.0%	1670.3%	1226.0%	882.6%	607.3%
<b><u>Liquidity</u></b>											
Current Ratio	Current assets/current liabilities	0.5	0.7	1.0	1.0	1.2	1.2	1.2	1.8	2.4	3.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.7	0.4	0.1	0.4	0.4	0.4	0.9	1.4	2.1
Liquidity Ratio	Monetary Assets/Current Liabilities	0.1	0.3	0.4	0.4	0.5	0.5	0.5	1.1	1.7	2.4
<b><u>Revenue Management</u></b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		100.5%	97.0%	91.7%	95.2%	95.3%	95.3%	95.3%	97.3%	97.3%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		100.4%	97.0%	91.7%	95.2%	95.3%	95.3%	95.3%	97.3%	97.3%	97.3%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.6%	16.0%	12.8%	8.4%	10.6%	10.6%	10.6%	10.2%	10.3%	9.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Creditors Management</u></b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	99.0%	99.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		374.5%	116.6%	72.6%	167.7%	120.8%	120.8%	120.8%	49.6%	32.1%	23.7%
<b><u>Other Indicators</u></b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)	12 475 041	10 165 642	16 731 017	6 189 227	6 189 227	6 189 227	6 189 227	6 189 227	6 189 227	6 189 227
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	12.08%	9.98%	15.82%	5.85%	5.85%	5.85%	5.85%	5.85%	5.85%	5.85%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	519 950	457 665	288 682	240 568	240 568	240 568	240 568	240 568	240 568	240 568
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	20.20%	16.13%	10.21%	8.51%	8.51%	8.51%	8.51%	8.51%	8.51%	8.51%
Employee costs	Employee costs/(Total Revenue - capital revenue)	37.7%	35.9%	29.6%	31.6%	29.7%	29.7%	29.7%	32.8%	36.1%	35.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	38.8%	37.3%	30.7%	32.7%	30.8%	30.8%		33.9%	37.3%	36.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.5%	3.6%	2.6%	2.9%	3.2%	3.2%		3.6%	3.7%	3.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.1%	13.2%	11.7%	8.7%	8.4%	8.4%	8.4%	8.2%	9.4%	10.0%
<b><u>IDP regulation financial viability indicators</u></b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14.5	14.2	19.7	20.7	20.7	20.7	19.2	19.2	19.8	20.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	22.7%	19.1%	18.1%	11.7%	15.1%	15.1%	15.1%	14.5%	13.6%	12.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.9	1.6	2.0	1.1	1.6	1.6	1.6	2.8	4.6	6.4

### 4.3.1 Performance indicators and benchmarks

#### 4.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Bitou Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of Bitou Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2014/15 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is slightly improving over the MTREF from 16% to 13.3% in 2016/17, it needs to be noted that the decrease capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained constant at 6.6% in MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as Bitou Municipality is reaching its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is 72% which substantiates the above mentioned statement that Bitou Municipality is reaching its prudential borrowing limits.

Bitou Municipality's debt profile provides some interesting insights on Bitou Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

Bitou Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs. This is reflected in Bitou Municipality's debt service profile, which predicts a decline in debt service over the MTREF.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of Bitou Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

It is very unfortunate that the municipality cash flow is still under pressure thereby prolonging the period necessary for complete financial recovery.

#### 4.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft as well as tax provisions as a percentage of funds and reserves.

#### 4.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark Bitou Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2014/15 MTREF the current ratio is 1.8 in the 2015/16 financial year 2.4 and for the 2016/2017 financial year 3.0.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2013/14 financial year the ratio is 0.5 and as part of the long term financial planning strategy it has been increased to 1.1 in the 2014/15 financial year. The ratio improves over the MTREF to 1.7 in 2015/2016. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.2 as an acceptable ratio.

#### 4.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, this include ongoing revenue enhancement services to ensure all revenue remains in the revenue net, as well as strict application of the credit control policy to collect all debt current and debt that has fallen in arrears.

#### 4.3.1.5 Creditors Management

- Bitou Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. With the liquidity ratio is improving and by applying daily cash flow management the municipality has managed to ensure a 100% compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with Bitou Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for Bitou Municipality's business.

#### 4.3.1.6 Other Indicators

- The electricity distribution losses will be significantly managed and reduced from 15.8% in the 2013/14 financial year to 5.6% over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections, replacement of meters, minimizing unread meters and revenue enhancement initiatives where large consumers of electricity have been discovered that were not metered. The funding for these initiatives has already been allocated in the adjustments budget of 2013/14 which was approved in February 2014. Appointment of an electrical loss control officer is being finalized before end of April 2014.
- The water distribution losses will also be reduced from 10.2% in 2013/14 to 8.5% in 2014/15 MTREF. Losses are managed through a combination of exception reports, meter deviation reports and revenue enhancement initiatives. Appointment of a water loss control officer is being finalized before end of April 2014. A concerted effort is necessary to reduce the losses even further to within acceptable norms by the conclusion of the MTREF.



- Employee costs as a percentage of operating revenue is increasing in the 2014/2015 financial year and escalates by R 13,092 year on year as a result of the adoption of the new organizational structure and the filling of critical vacancies necessary for service delivery as well as the 6.9% general salary increase budgeted for 2014/2015. Employee related cost continues to be one of the major costs related to service delivery and is carefully managed to be within acceptable norms.
- Repairs and maintenance as percentage of operating revenue is increasing marginally owing directly to cost drivers such as bulk purchases increasing above inflation as well as housing allocations. In real terms, repairs and maintenance has increased as part of Bitou Municipality's strategy to ensure the management of its asset base.

#### **4.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of Bitou Municipality. Registered indigents as well as residents in properties where the value is below R 350,000 qualify for either free basic services or service tariffs at a reduced rate.

For the 2014/15 financial year between 6000 and 7000 households will receive subsidies for free or reduced cost services. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, free sanitation and free waste removal services, as well as a discount/full subsidy on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in Eskom distribution areas that receive free services and the cost of these services are not taken into account in the table noted above.

#### **4.3.3 Providing clean water and managing waste water**

Bitou Municipality is the Water Services Authority for the entire municipal area in terms of the Water Services Act, 1997 and also acts as water services provider.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Bitou Municipality was awarded Blue Drop status in 2012/13, indicating that Bitou Municipality's drinking water is of exceptional quality. Bitou also received accolades for being the leader with regards to water and waste water quality for a medium sized municipality.

The following is briefly the main challenges facing Bitou Municipality with regards to water and waste water management.

- The infrastructure at certain waste water treatment works is old and require upgrade and refurbishment to continue meeting quality standards;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Water sources are scarce and bulk water augmentation is critical for the immediate future.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget, subject to funding availability;
- The filling of vacancies has received in this MTREF preference and in-house skills development receive high priority;
- The Division is working in consultation with the Department of Water Affairs, neighboring municipalities and the Eden District to address bulk water augmentation.

#### **4.4 Overview of budget related-policies**

Bitou Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. Following an overview of proposed amendments to the budget related policies for 2014/2015

##### **4.4.1 Review of credit control and debt collection procedures/policies**

The Credit control policy approved by Council in May 2013. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate.

Some of the proposed revisions are as follows:

Page 27:

7.8.4 (c) Annual services of properties with valuations less than 350 000 must be paid in twelve (12) even instalments, with no interest charges thereon. Collection measures as per-tained in (b) and (c) will not apply.

Page 29:

7.10.5 Free basic services to properties with valuations < 350 000 or as determined from time to time.

Page 32:

8.2.6 (c) With effect from 1 July 2014 new applications for electricity in all categories will be connected to a prepaid meter system.

Page 36:

8.9.1 (b) ..... at a 60;40 ratio.

Page 38:

9.4.1 .....; these measurements apply to properties with valuations > 350 000 or as determined from time to time.

Page 46:

3.3 .....; these measurements do not apply to properties with valuations < 350 000 or as determined from time to time.

The 2014/15 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 97.2% on current billings. Collection over the anticipated 97.2% will add to improving the cash flow in the short and medium term. The policy amendments will form part of the draft budget consultation process and the policy will be available at all offices and libraries for scrutiny.

#### **4.4.2 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in May 2013. The policy is in the process of being revised and a variety of amendments are proposed, the amendments include inter-alia the following:

- Conditions for consideration of quotations with reference to the submission of tax clearance certificates - Clause 13(b)(i) and (ii)
- Listing of accredited service providers – Clause 14
- Requirements for quotations to be considered – Clause 16(2), 17(2) and 18
- Public invitation for competitive bids – Clause 22
- Bid specification committees – Clause 27
- Bid Evaluation committees – Clause 28
- Appointment of consultants – Clause 35
- Combatting abuse – Clause 38 and an array of other proposed amendments.

The policy amendments will form part of the draft budget consultation process and the policy will be available at all offices and libraries for scrutiny.

#### **4.4.3 Budget and Virement Policy**

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and Bitou Municipality's system of delegations. The Budget and Virement Policy was approved by Council in May 2010. There are no amendments proposed on this policy.

#### **4.4.4 Cash Management and Investment Policy**

Bitou Municipality's Cash Management and Investment Policy was approved by Council in October 2006. The aim of the policy is to ensure that Bitou Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The following amendments to the policy includes,

- the mitigation of risk and limitation of exposure contained in section 8.8 of the policy as well as amendments to investment procedures contained in clause 9 of the policy.
- The investments have been reviewed by a senior official and it is confirmed that all the investments have the necessary required credit ratings

#### 4.4.5 Tariff Policy

Bitou Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation over the next two years. The tariff policy and its amendments is included with this report.

#### 4.4.6 Property Rates Policy

The compilation of the general valuation roll for the period 1 July 2013 to 30 June 2017 necessitated the revision of the Municipal Property Rates Policy and By-laws.

Some of the proposed revisions are as follows:

The following definition of Industrial to be included under Section 2, definitions;

- "Industrial" in relation to property, means the use of a property for a branch of trade or manufacturing, production, assembly or processing of finished partially finished products from raw materials or fabricated parts on such a large scale that capital and labour are significantly involved, including any office or other accommodation on the erven, the use of which is identical the use of the factory.

The definition of private open space to be replaced with the following definition:

- "Private Service Infrastructure"- properties in this category includes:
  - (a) Privately owned land within a complex that cannot be sold separately. This includes road infrastructure, access control, storm water control measures etc.
  - (b) Private open Space including recreational, sporting facilities, wetlands or open space within a residential complex.

Properties within this category shall be rated at the tariff equivalent to residential vacant land. The description of Supplementary Valuation Debits, Section 11 (6), to be replaced with;

6.1 A Municipality must whenever necessary, cause a supplementary valuation to be made in respect of any rateable property -

- a) incorrectly omitted from the valuation roll;
- b) Included in a municipality after the last general valuation;
- c) Subdivided or consolidated after the last general valuation;
- d) Of which the market value has substantially increased or decreased for any reason after the last general valuation;
- e) Substantially incorrectly valued during the last valuation; or
- f) That must be revalued for any other exceptional reason

6.2 Rates on a property, based on the valuation of that property in a supplementary valuation roll become payable with effect from -

- a) The effective date of the supplementary roll, in the case of a property referred to in, 5.1 a, e or f.
- b) The date on which the property was included in the municipality, in the case of a property referred to in 5.1b.

c) The date on which the subdivision or consolidation of the property was registered in the Deeds Office, in the case of a property referred to in 5.1 (c); or

d) The date on which the event referred to in subsection 5.1(d) has occurred.

Section 8 Clearance Certificate to be replaced with;

- Rates Clearance Certificates will be valid for 120 days after date of issue; monies must be paid full until such date. However should attorneys request to extend the certificate for 120 days beyond this date, and this extension of time surpasses the date of 30 June the full New Year's rates or estimated rates become payable in full.

Section 14.2 (iii) Sport to be replaced with;

- Sport grounds and sport clubs used for the purpose of amateur and social activities, which are connected with such sport, which in the opinion of council is similar to other properties which council let premises to:

(a) Land not earmarked for development

(b) Land with improvement on separate erven of (a) above: (clubhouses etc.)

(c) This category excludes sport facilities within private developments

Properties within this category shall be rated at the tariff equivalent to residential or residential vacant, respectively.

The above policy is available on Bitou Municipality's website, as well as at the municipal offices and libraries for inspection and input.

#### **4.4.7 Funding and reserves policy**

The funding and reserves policy is proposed to be amended as follows;

From page 6

J) is replaced entirely by the following;

- a) A provision is recognised when the Municipality has a present obligation as a result of a past event and it is probable, more likely than not, that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- b) Provisions are revised annually and those estimates to be settled within the next twelve (12) months are treated as current liabilities.
- c) The Municipality should have the following provisions:

- **Leave Provision**

Liabilities for annual leave are recognised as they accrue to employees. An annual provision is made from the operating budget to the leave provision. Due to the fact that not all leave balances are to be redeemed for cash at once, only 75% of the leave provision is to be cash backed.

- **Landfill Rehabilitation Provision**

The landfill site rehabilitation provision was created for the current landfill site at the future estimated time of closure. The value of the provision is based on the expected future cost to rehabilitate the landfill site. This provision must be cash backed to ensure availability of cash for rehabilitation on closure. This provision must be 100% backed by cash.

- Long Services Awards

Municipal employees are awarded leave days according to years in service at year end. Due to the fact that not all long service leave balances are redeemed for cash at once, only 75% of the long service leave provision must be cash backed.

- Post-Employment Medical Care Benefits

The Municipality provides post-retirement medical care benefits by subsidizing the medical aid contributions to retired employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over a period of employment. This provision must be 80% cash backed to ensure the availability of cash for the payment of medical aid payments.

It is therefore a requirement that all provision be backed by cash, the contribution to all current provisions be set to at least 70%.

#### **2.4.8 Long term financial plan policy**

This is a new policy proposed and the policy will form part of the draft budget consultation process and be available at all offices and libraries for scrutiny.

#### **2.4.9 Asset management policy**

The following amendments are proposed in the asset management policy;

Page10

Heritage Assets – The Accounting Standards Board approved a new standard specifically for Heritage Assets which became effective 1 April 2012. Due to this, Heritage Assets does not form part of the standard linked to Property, Plant and Equipment.

Page 17

Timesheet system – This system was previously introduced but due for reasons unknown failed.

Page 24

Servitudes –

Page 25 & 26

Measurement of Investment Property – Bitou municipality's Investment Property are valued at cost, as per our Accounting Policy and not fair valued as mentioned in the Asset Management Policy.

Page 32

Estimated Useful Life's (EUL's) outside parameters of National Treasury – National Treasury's approval is not required when allocation EUL's outside the parameters or guidelines provided by them.

Page 33

Approval of Residual Values – to be delegated to Manager: BTO?

Page 40 & 42

List of assets to be alienated from HOD's – It is more practical to have the one date which will also coincide with the annual asset verification process.

Page 45

Physical control procedures – Not practical for assets to be delivered to "procurement section". Security checks at municipal buildings are also not practical due to the various access/exit entries and the limited security officials.

Page 46

Safekeeping of assets procedures – More practical to report on theft/damages within two working days i.s.o. 48 hours. A section was also added to address theft and damages as a result of negligence. Asset custodians must be held more accountable.

## **4.5 Overview of budget assumptions**

### **4.5.1 External factors**

It is expected that the economic recovery will be slow and prolonged; the anticipated growth for 2014 is 2.7% rising to 3.5% in 2016.

Bitou municipality still find itself in the shadow of the economic downturn with limited financial resources at our disposal for service delivery this is also evident in the effort that needs to be made for the recovery of debt owed to the municipality. It is also therefore necessary to carefully evaluate spending decisions and to ensure value for money in all procurement processes.

### **4.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2014/15 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the municipalities residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 33.3% of total operating expenditure in the 2014/15 MTREF and therefore this increase above inflation places additional upward pressure on the expenditure budget.

#### **4.5.3 Credit rating outlook**

The Municipality has not had a credit rating done.

#### **4.5.4 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. Bitou Municipality intends to take up a loan of R10 Million in the 2014/2015 financial year. The 2014/15 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments on a bi-annual basis.

Interest rates for investment purposes remains low and the average interest rate on investment is anticipated to average between 5% and 6% for the 2014/2015 financial year with little upward movement anticipated for the remainder of the MTREF.

#### **4.5.5 Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, it is however anticipated that interest rates may urge upward in the medium term placing a further strain on cash strapped consumers.

The rate of revenue collection is currently expressed as a percentage (97.2%) of annual billings. Cash flow is assumed to be 97.2% of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **4.5.6 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of Bitou Municipality, household formation growth rate and the poor household change rate.

The compilation of the general valuation roll for the period 2013 to 2017 has resulted in a small growth in the assessment rates base for the MTREF (6%), when allowing for objections and appeals on valuations as well as changes in categories in terms of the property rates policy, it is estimated that a real growth of between 4% and 5% will realise. Prudent financial management dictates that a conservative approach best serves a positive outcome and therefore the additional anticipated revenue as a result of the change in valuations necessitated a low additional revenue forecast.



#### **4.5.7 Salary increases**

The collective agreement regarding salaries/wages came into operation on 1 July 2012 and shall remain in force until 30 June 2014. For the purpose of calculation of salary related expenditure for the 2014/2015 financial year an across the board salary increase of 6.79% was used. The general wage increase for the 2015/2016 financial year is budgeted at 6.4%

#### **4.5.8 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs through labour intensive programs and projects as well as full participation in the EPWP;
- Enhancing education and skills development;
- Improving quality of life of all residents;
- Protection of the poor through appropriate subsidization and tariff setting
- Rural development and agriculture; and
- Creating a conducive environment for economic development

#### **4.5.9 Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 98.2% is achieved on operating expenditure and 100% on the capital programme for the 2014/15 MTREF of which performance has been factored into the cash flow budget. The spending on both the operating budget and capital budget financed from own funding alike will be dependent on the realising of the revenue as per the revenue and cash flow estimates for the MTREF.

### **4.6 Overview of budget funding**

#### **Funding of the Budget**

Section 18(1) of the MFMA determines that an annual budget can only be funded from:

- Realistically expected revenue to be collected;
- Cash-backed accumulated funds of preceding years' surpluses not earmarked for other purposes; and
- Borrowed funds, but only for the capital budget referred to in Section 17.

Full achievement of this requirement effectively entails that a Council 'balances' its budget by ensuring that the budgeted outflow balances with a combination of planned inflow.

#### **Credible Budget**

A credible budget, among other things, is a budget, which:

- Only funds activities which are in line with the revised IDP and vice versa and which ensure that the IDP is realistically achievable while taking account of the financial restrictions of the municipality;
- Is achievable in respect of agreed service delivery and performance targets;
- Contains revenue and expenditure projections that are in line with current and previous performance and that are supported by documented evidence of future assumptions;
- Does not compromise the financial viability of the municipality (ensures that the financial position is contained within generally accepted prudent limits and that obligations can be met in the short, medium and long term); and
- Provides managers with suitable levels of delegation to enable them to fulfill their financial and managerial responsibilities.

A budget sets out certain service delivery levels and accompanying financial implications. Consequently the community must realistically expect to receive these promised service levels and to understand the accompanying financial implications. High under spending due to under collection of revenue or poor planning is a clear example of a budget that is not credible and realistic.

Furthermore, budgets tabled as early as 90 days before the start of the budget year, must remain credible and fairly close to the final approved budget.

### **Long term financial planning**

The current draft budget only proposes to borrow an amount equal to the redemption portion of current borrowing as it will not place an unaffordable strain on the municipal financial position. Government Grants allocated to the Municipality still consist of the major source of capital funding over the MTREF.

The municipality has made provision, cash-backed at 70%, for long-term employee benefits consisting of medical aid contributions for retired personnel and for the payment of long service bonuses.

The budget is fully compliant with GRAP standards. This will assist the basis for sound financial practices and compliance in terms of the MFMA and GRAP.

### **Sources of funding**

Interest earned from investments is recorded in the operating revenue budget. The interest earned is expected to remain constant due to a relative stable national monetary policy with regards to interest rates.

The following summarizes the budgeted interest as reflected in the MTREF;

2014/15 - R 2,639,440

2015/16 - R 2,745,020

2016/17 - R 2,854,830

### **Contributions**

The Municipality receives augmentation fees which serve as bulk service levies from new developers to provide infrastructure and other works as part of the conditions set with the granting process. This revenue source is not very predictable but with the prevailing economic

climate it is expected that new developments will not follow past trends and these revenue streams are very dependent on economic recovery.

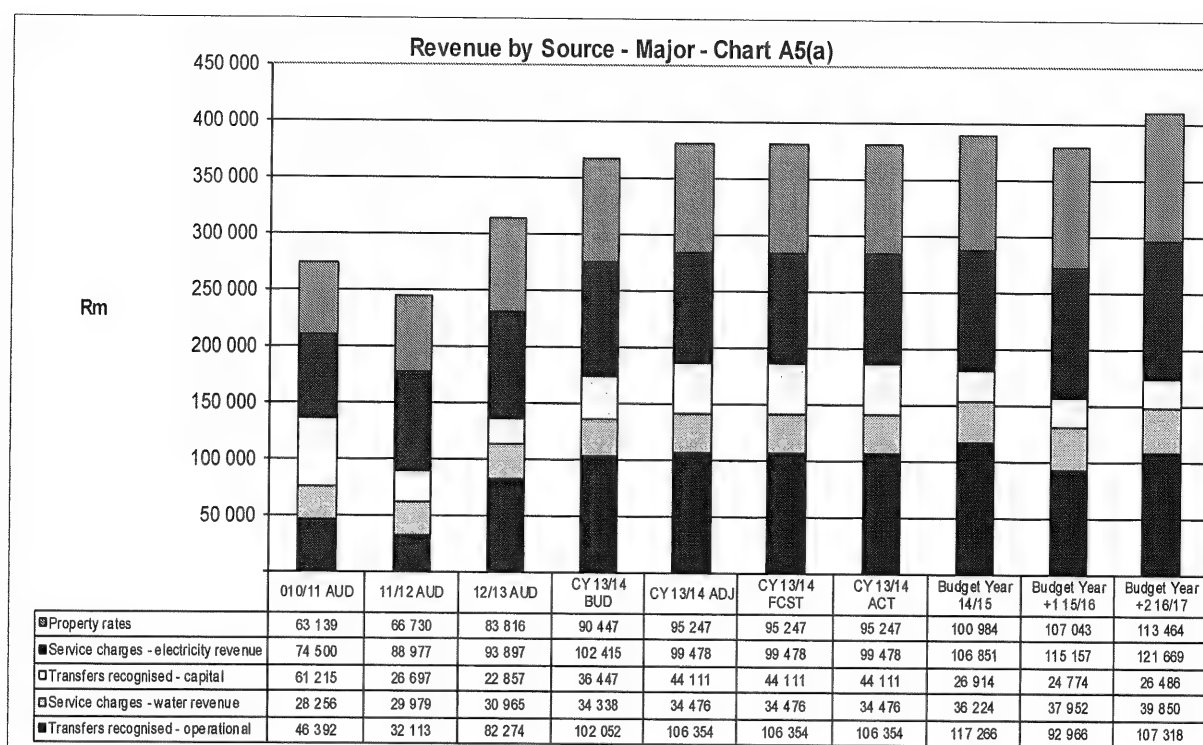
#### 4.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 27 Breakdown of the operating revenue over the medium-term**

Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework							
		Adjusted Budget	%	Budget Year 2014/15	%	Budget Year +1 2015/16	%	Budget Year +2 2016/17	%
R thousand	1								
Revenue By Source									
Property rates	2	95 247	22.86%	100 581	22.52%	106 374	24.19%	112 381	23.78%
Property rates - penalties & collection charges		3 300	0.79%	3 485	0.78%	3 680	0.84%	3 882	0.82%
Service charges - electricity revenue	2	99 478	23.88%	106 851	23.93%	114 370	26.00%	121 859	25.79%
Service charges - water revenue	2	34 476	8.27%	36 224	8.11%	37 289	8.48%	39 001	8.25%
Service charges - sanitation revenue	2	36 841	8.84%	38 715	8.67%	39 847	9.06%	42 070	8.90%
Service charges - refuse revenue	2	22 017	5.28%	26 479	5.93%	27 263	6.20%	28 642	6.06%
Service charges - other		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Rental of facilities and equipment		1 230	0.30%	1 322	0.30%	1 379	0.31%	1 320	0.28%
Interest earned - external investments		1 770	0.42%	2 639	0.59%	2 745	0.62%	2 855	0.60%
Interest earned - outstanding debtors		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Dividends received		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Fines		5 307	1.27%	5 300	1.19%	5 512	1.25%	5 732	1.21%
Licences and permits		74	0.02%	74	0.02%	76	0.02%	80	0.02%
Agency services		1 350	0.32%	1 439	0.32%	1 496	0.34%	1 556	0.33%
Transfers recognised - operational		106 354	25.53%	117 266	26.26%	92 966	21.14%	107 318	22.71%
Other revenue	2	9 209	2.21%	6 186	1.39%	6 813	1.55%	5 828	1.23%
Gains on disposal of PPE		-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Revenue (excluding capital transfers and contributions)		416 653	100.00%	446 561	100.00%	439 810	100.00%	472 526	100.00%

The following graph is a breakdown of the operational revenue per main category for the 2014/15 financial year.



**Figure 6 Breakdown of operating revenue over the 2014/15 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. Bitou Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.) are other forms of revenue.

The revenue strategy is a function of key components such as:

- Growth in Bitou Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 97.2% annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2014/15 MTREF on the different revenue categories are reflected in the table below, the outer years of the MTREF reflect the tariff increases as per the National Treasury growth parameters for the outer years and do not necessarily reflect the increases to be determined for the outer years:

**Table 28 Proposed tariff increases over the medium-term**

Revenue category	2014/15 proposed tariff increase	2015/16 proposed tariff increase	2016/17 proposed tariff increase
	%	%	%
Property rates	6	6	6
Sanitation	5	5	5
Solid Waste	5.5	5.5	5.5
Water	5	5	5
Electricity	7.40	7	6.5

The tables below provide detail investment information and investment particulars by maturity.

**Table 29 MBRR SA15 – Detail Investment Information**

Investment type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		14 163	31 319	15 099	39 892	40 351	40 351	50 671	96 068	146 493
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Consolidated total:		14 163	31 319	15 099	39 892	40 351	40 351	50 671	96 068	146 493

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R33.19 million, R 37.21 million and R 43.9 million in each of the financial years. This surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds.

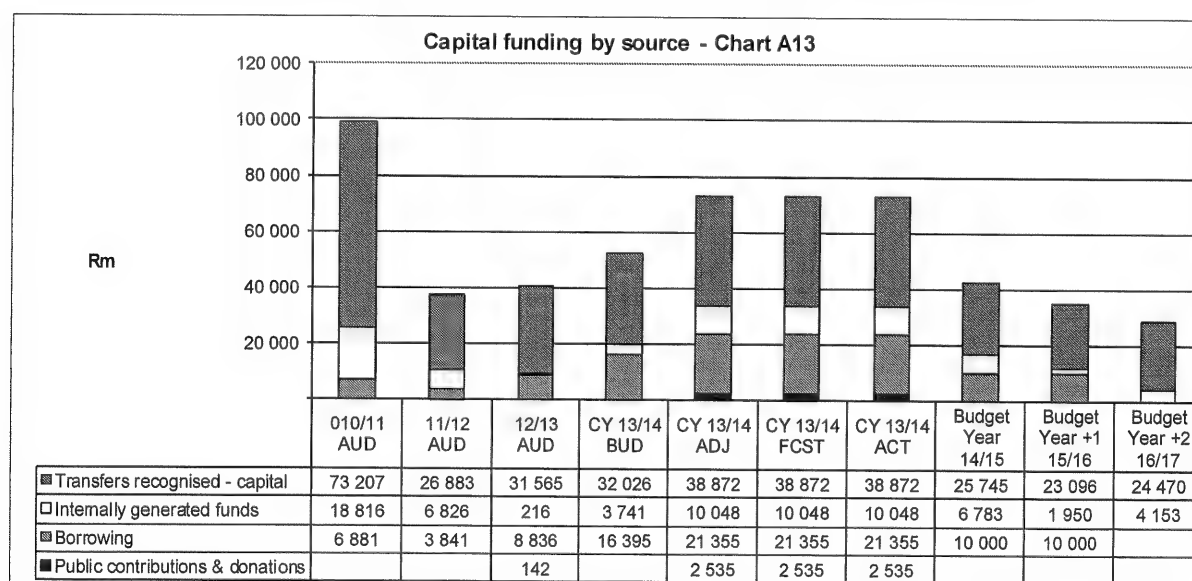
#### 4.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2014/15 medium-term capital programme:

**Table 30 Sources of capital revenue over the MTREF**

Vote Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
Funded by:											
National Government		56 484	21 741	19 718	14 776	15 776	15 776	15 776	24 591	22 346	23 970
Provincial Government		16 724	5 143	11 846	17 249	23 095	23 095	23 095	1 154	750	500
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	73 207	26 883	31 565	32 026	38 872	38 872	38 872	25 745	23 096	24 470
Public contributions & donations	5	-	-	142	-	2 535	2 535	2 535	-	-	-
Borrowing	6	6 881	3 841	8 836	16 395	21 355	21 355	21 355	10 000	10 000	-
Internally generated funds		18 816	6 826	216	3 741	10 048	10 048	10 048	6 783	1 950	4 153
Total Capital Funding	7	98 905	37 551	40 758	52 161	72 809	72 809	72 809	42 528	35 046	28 623

The above table is graphically represented as follows for the 2014/15 financial year.

**Figure 7 Sources of capital revenue for the 2014/15 financial year**

Capital grants and receipts equates to 61.2% of the total funding source which represents R 25,7 million for the 2014/15 financial year and decreases to R 23,1million in 2015/16 and eventually increase R 24,5 million 2016/17.

Borrowing still remains a significant funding source for the capital programme over the medium-term with an estimated R 10 million to be raised for 2014/15 and 2015/16 financial years totalling 23% and 28% of the total funding of the capital budget for 2014/15 and 2015/16 financial years. As explained earlier, the borrowing capacity of Bitou Municipality has nearly reached its limits and going forward borrowing limits will remain constant until such time that financial recovery reaches completion.

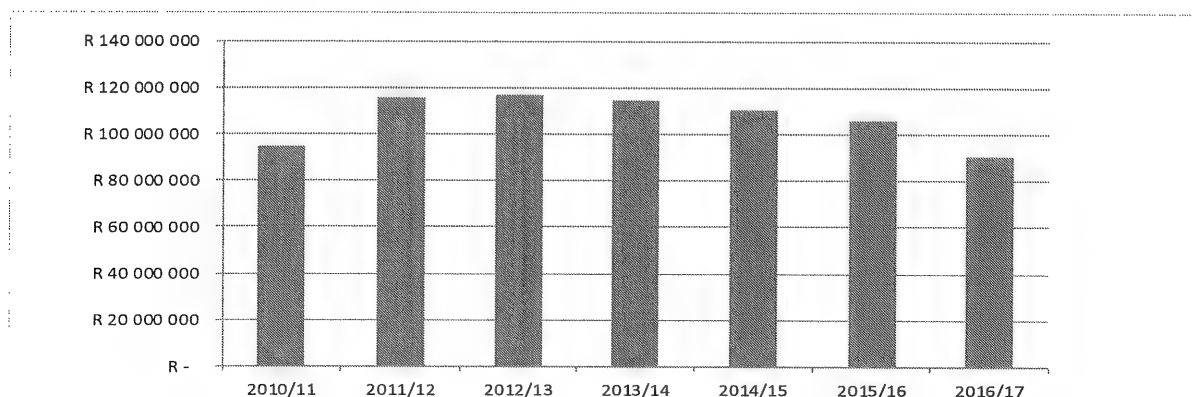
The following table is a detailed analysis of Bitou Municipality's borrowing liability.

**Table 31 MBRR Table SA 17 - Detail of borrowings**

Borrowing - Categorised by type	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)			114 009	116 331	113 867	113 867	113 867	110 130	105 621	90 806
Long-Term Loans (non-annuity)			-	-	-	-	-	-	-	-
Local registered stock			-	-	-	-	-	-	-	-
Instalment Credit			-	-	-	-	-	-	-	-
Financial Leases			1 702	275	3 052	3 052	330	206	87	-
PPP liabilities			-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier			-	-	-	-	-	-	-	-
Marketable Bonds			-	-	-	-	-	-	-	-
Non-Marketable Bonds			-	-	-	-	-	-	-	-
Bankers Acceptances			-	-	-	-	-	-	-	-
Financial derivatives			-	-	-	-	-	-	-	-
Other Securities			-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	-	115 711	116 607	116 920	116 920	114 198	110 336	105 707	90 806
<b>Total Borrowing</b>	1	-	115 711	116 607	116 920	116 920	114 198	110 336	105 707	90 806

<b>Unspent Borrowing - Categorised by type</b>										
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)			-	4 960	565	-	-	-	-	-
Long-Term Loans (non-annuity)			-	-	-	-	-	-	-	-
Local registered stock			-	-	-	-	-	-	-	-
Instalment Credit			-	-	-	-	-	-	-	-
Financial Leases			-	-	-	-	-	-	-	-
PPP liabilities			-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier			-	-	-	-	-	-	-	-
Marketable Bonds			-	-	-	-	-	-	-	-
Non-Marketable Bonds			-	-	-	-	-	-	-	-
Bankers Acceptances			-	-	-	-	-	-	-	-
Financial derivatives			-	-	-	-	-	-	-	-
Other Securities			-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	-	-	4 960	565	-	-	-	-	-
<b>Total Unspent Borrowing</b>	1	-	-	4 960	565	-	-	-	-	-

The following graph illustrates the growth and decline in outstanding borrowing for the 2010/11 to 2016/17 period.



**Figure 8 Growth / Decline in outstanding borrowing (long-term liabilities)**

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds have been a limited source of capital funding for the last few financial years and it is also used conservatively going forward as the municipality needs to build reserves to fund future capital requirements.

**Table 32 MBRR Table SA 18 - Capital transfers and grant receipts**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Capital Transfers and Grants										
National Government:		44 655	24 065	29 203	16 845	17 845	17 845	26 914	24 774	26 486
Municipal Infrastructure Grant (MIG)		(54)	12 075	14 655	16 845	16 845	16 845	18 914	19 774	20 486
Integrated National Electrification Program (INEG)		10 000	2 000	500	–	–	–	5 000	5 000	6 000
ACIP		–	–	–	–	1 000	1 000	3 000	–	–
Neighbourhood Development Partnership		14 709	9 990	213	–	–	–	–	–	–
Municipal Drought Relief		20 000	–	13 835	–	–	–	–	–	–
Other capital transfers/grants [insert desc]		–	–	–	–	–	–	–	–	–
Provincial Government:		9 272	–	732	13 767	13 767	13 767	–	–	–
Housing		9 272	–	–	13 320	13 320	13 320	–	–	–
Sport and Recreation Facilities		–	–	200	–	–	–	–	–	–
Library Services - MRF Grant		–	–	–	447	447	447	–	–	–
Proclaimed Roads		–	–	532	–	–	–	–	–	–
Other capital transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
District Municipality:		1 000	–	–	–	–	–	–	–	–
[insert description]		1 000	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]		–	–	–	–	–	–	–	–	–
		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	54 927	24 065	29 935	30 612	31 612	31 612	26 914	24 774	26 486

#### 4.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).



Table 39 MBRR Table A 7 – Budgeted Cash flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		224 059	239 154	259 933	285 393	293 961	293 961	293 961	318 302	338 122	355 399
Government - operating	1	46 392	38 767	77 220	102 052	106 354	106 354	106 354	117 266	92 966	107 318
Government - capital	1	61 215	26 697	22 857	36 447	31 412	31 412	31 412	26 914	24 774	26 486
Interest		3 964	4 775	6 383	1 770	1 770	1 770	1 770	2 639	2 745	2 855
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(236 099)	(267 974)	(298 994)	(350 319)	(351 582)	(351 582)	(351 582)	(366 745)	(349 529)	(368 467)
Finance charges		(10 496)	(12 792)	(13 864)	(13 845)	(13 845)	(13 845)	(13 845)	(13 837)	(14 598)	(15 182)
Transfers and Grants	1	(169)	(632)	(2 332)	(2 577)	(2 554)	(2 554)	(2 554)	(2 700)	(2 950)	(3 112)
NET CASH FROM/(USED) OPERATING ACTIVITIES		88 865	27 995	51 203	58 919	65 515	65 515	65 515	81 839	91 531	105 298
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		2 815	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		88	77	78	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(302)	(303)	(302)	-	-	-	-	320	397	425
Payments											
Capital assets		(104 221)	(35 684)	(40 758)	(50 335)	(72 809)	(72 809)	(72 809)	(42 528)	(35 046)	(28 623)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(101 622)	(35 911)	(40 983)	(50 335)	(72 809)	(72 809)	(72 809)	(42 208)	(34 649)	(28 198)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		19 084	30 330	13 795	12 000	16 395	16 395	16 395	10 000	10 000	-
Increase (decrease) in consumer deposits		334	195	748	314	314	314	314	(246)	(257)	(269)
Payments											
Repayment of borrowing		(6 582)	(10 674)	(11 175)	(12 795)	(12 795)	(12 795)	(12 795)	(13 531)	(14 423)	(14 815)
NET CASH FROM/(USED) FINANCING ACTIVITIES		12 836	19 852	3 369	(481)	3 914	3 914	3 914	(3 777)	(4 680)	(15 084)
NET INCREASE/ (DECREASE) IN CASH HELD		80	11 936	13 589	8 103	(3 380)	(3 380)	(3 380)	35 854	52 202	62 016
Cash/cash equivalents at the year begin:	2	16 604	16 684	28 620	19 859	42 208	42 208	42 208	38 828	74 682	126 884
Cash/cash equivalents at the year end:	2	16 684	28 620	42 208	27 962	38 828	38 828	38 828	74 682	126 884	188 900

#### 4.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Bitou municipality is in compliance with section 18 because there is a

surplus which indicates that the annual budget is appropriately funded. It is also important to analyse trends to understand the consequences, in the 2013/14 financial year there was a deficit, meaning the budget was not funded. The MTREF shows an increase in the surplus over the three years and it is very important that this is maintained year on year.

**Table 40 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

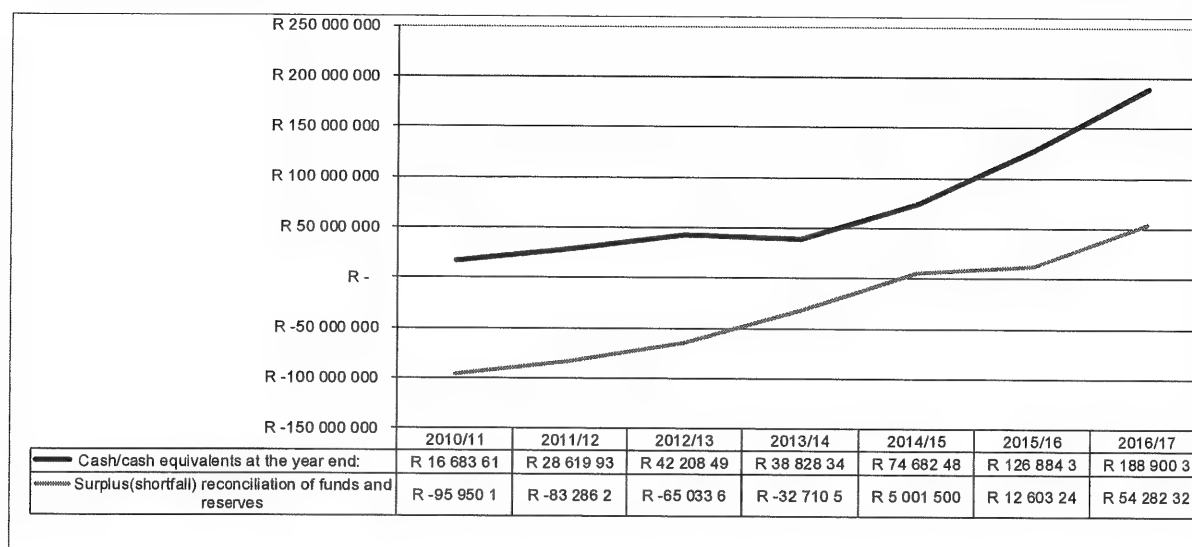
Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	16 684	28 620	42 208	27 962	38 828	38 828	38 828	74 682	126 884	188 900
Other current investments > 90 days		0	0	0	-	-	-	-	-	-	-
Non current assets - investments	1	3 972	4 275	4 578	4 892	5 351	5 351	5 351	5 671	6 068	6 493
<b>Cash and investments available:</b>		<b>20 655</b>	<b>32 895</b>	<b>46 786</b>	<b>32 854</b>	<b>44 179</b>	<b>44 179</b>	<b>44 179</b>	<b>80 353</b>	<b>132 952</b>	<b>195 393</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		33 981	40 915	24 964	-	-	8 330	8 330	8 330	8 330	8 330
Unspent borrowing		-	-	4 960	565	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	14 780	(10 037)	(12 598)	14 647	4 854	4 854	4 854	(7 130)	(3 517)	541
Other provisions		62 531	81 029	84 916	78 703	85 592	51 355	51 355	59 481	97 468	110 747
Long term investments committed	4	3 972	4 275	4 578	4 892	5 351	5 351	5 351	5 671	6 068	6 493
Reserves to be backed by cash/investments	5	1 342	-	5 000	2 000	2 000	2 000	7 000	9 000	12 000	15 000
<b>Total Application of cash and investments:</b>		<b>116 605</b>	<b>116 181</b>	<b>111 820</b>	<b>100 807</b>	<b>97 796</b>	<b>71 889</b>	<b>76 889</b>	<b>75 352</b>	<b>120 349</b>	<b>141 111</b>
<b>Surplus(shortfall)</b>		<b>(95 950)</b>	<b>(83 286)</b>	<b>(65 034)</b>	<b>(67 953)</b>	<b>(53 617)</b>	<b>(27 711)</b>	<b>(32 711)</b>	<b>5 002</b>	<b>12 603</b>	<b>54 282</b>

From the above table it can be seen that the cash and investments available total R 80,4 million in the 2014/15 financial year and progressively increase to R 133,0 million by 2015/2016, including the projected cash and cash equivalents as determined in the cash flow forecast.

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The unspent borrowing as at 30 June 2013 was rectified in the adjustment budget in February 2014.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year- end obligations.

It can be concluded that Bitou Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. The challenge for Bitou Municipality will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.



**Figure 9 Cash and cash equivalents / Cash backed reserves and accumulated funds**

#### 4.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 33 MBRR SA10 – Funding compliance measurement

Description	MFMA section	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	16 684	28 620	42 208	27 962	38 828	38 828	38 828	74 682	126 884	188 900
Cash + investments at the yr end less applications - R'000	18(1)b	2	(95 950)	(83 286)	(65 034)	(67 953)	(53 617)	(27 711)	(32 711)	5 002	12 603	54 282
Cash year end/monthly employee/supplier payments	18(1)b	3	0.9	1.6	2.0	1.1	1.6	1.6	1.6	2.8	4.6	6.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	28 128	9 108	44 221	35 934	55 725	55 725	55 725	33 197	37 214	43 930
Service charge rev % change - macro CPI target exclusive	18(1)a,(2)	5	N.A.	6.3%	5.0%	4.8%	(4.4%)	(6.0%)	(6.0%)	1.3%	0.2%	(0.4%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	100.4%	97.0%	91.7%	95.2%	95.3%	95.3%	95.3%	97.3%	97.3%	97.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	5.8%	4.5%	4.5%	5.2%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
Capital payments % of capital expenditure	18(1)c;19	8	105.4%	95.0%	100.0%	96.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	74.3%	284.3%	150.1%	59.6%	48.3%	48.3%	48.3%	59.6%	83.7%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	(5.6%)	5.5%	(28.2%)	30.5%	0.0%	0.0%	3.0%	0.1%	0.1%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	(27.2%)	(36.1%)	(2.0%)	(54.8%)	0.0%	0.0%	(100.0%)	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.8%	1.7%	1.5%	1.9%	2.0%	2.0%	2.4%	2.3%	2.3%	2.5%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	30.7%	38.6%	45.1%	45.1%	0.0%	11.8%	35.1%	38.0%

#### 4.6.5.1 Cash/cash equivalent position

Bitou Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

#### 4.6.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement.

#### 4.6.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of Bitou Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. The Municipality must aim to achieve at least three month's cash coverage in the medium term, and then gradually move towards five months coverage. This measure will have to be carefully monitored going forward.

#### *4.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *4.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

#### *4.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget.

#### *4.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *4.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *4.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

#### *4.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100% could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. Bitou Municipality has budgeted for all transfers.

#### 4.6.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

#### 4.6.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

#### 4.6.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

### 4.7 Expenditure on grants and reconciliations of unspent funds

**Table 42 MBRR SA19 - Expenditure on transfers and grant programs**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		21 090	21 024	26 927	32 804	32 804	32 804	44 701	59 614	67 872
Local Government Equitable Share		17 536	18 978	23 375	29 614	29 614	29 614	40 946	57 147	65 154
Finance Management		2 750	1 250	1 250	1 300	1 300	1 300	1 450	1 500	1 700
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1 018
EPWP Incentive		-	-	1 502	1 000	1 000	1 000	1 371	-	-
Municipal Infrastructure Grant (MIG)		54	6	-	-	-	-	-	-	-
<b>Provincial Government:</b>		25 301	11 089	55 347	69 248	73 305	73 305	72 565	33 352	39 446
Housing		24 716	8 294	50 550	62 825	66 031	66 031	63 324	23 981	29 515
Proclaimed Roads		-	302	-	1 140	1 140	1 140	100	-	-
Library Services - Conditional Grant		350	386	507	525	525	525	2 307	2 127	2 255
Library Services - MRF Grant		-	2 069	3 439	4 758	4 758	4 758	6 578	6 973	7 391
CDW - Operational Support		75	39	67	-	33	33	35	37	39
Thusong Centre		-	-	218	-	218	218	221	234	246
Provincial Management Support Grant		160	-	364	-	600	600	-	-	-
MMC Kurland		-	-	17	-	-	-	-	-	-
Spatial Planning		-	-	184	-	-	-	-	-	-
Traffic Disaster		-	-	11	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	246	246	-	-	-
Social Responsibility		-	-	-	-	246	246	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		<b>46 392</b>	<b>32 113</b>	<b>82 274</b>	<b>102 052</b>	<b>106 354</b>	<b>106 354</b>	<b>117 266</b>	<b>92 966</b>	<b>107 318</b>

**Table 43 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		-	-	502	-	-	-	-	-	-
Current year receipts		21 090	21 526	26 425	32 804	32 804	32 804	44 701	59 614	67 872
Conditions met - transferred to revenue		21 090	21 024	26 927	32 804	32 804	32 804	44 701	59 614	67 872
Conditions still to be met - transferred to liabilities		-	502	-	-	-	-	-	-	-
Provincial Government:										
Balance unspent at beginning of the year		7 950	26 206	20 990	8 810	8 810	8 810	8 610	8 610	8 610
Current year receipts		43 558	19 873	43 167	69 248	73 105	73 105	72 565	33 352	39 446
Conditions met - transferred to revenue		25 301	11 089	55 347	69 248	73 305	73 305	72 565	33 352	39 446
Conditions still to be met - transferred to liabilities		26 206	34 990	8 810	8 810	8 610	8 610	8 610	8 610	8 610
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	136	246	246	246	246	-	-	-
Current year receipts		136	109	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	246	246	-	-	-
Conditions still to be met - transferred to liabilities		136	246	246	246	-	-	-	-	-
Total operating transfers and grants revenue		46 392	32 113	82 274	102 052	106 354	106 354	117 266	92 966	107 318
Total operating transfers and grants - CTBM	2	26 343	35 738	9 056	9 056	8 610	8 610	8 610	8 610	8 610
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		14 062	7 774	5 143	12 020	12 020	12 020	(280)	(280)	(280)
Current year receipts		44 655	24 065	29 203	16 845	17 845	17 845	26 914	24 774	26 486
Conditions met - transferred to revenue		50 943	26 697	22 326	22 680	30 145	30 145	26 914	24 774	26 486
Conditions still to be met - transferred to liabilities		7 774	5 143	12 020	6 185	(280)	(280)	(280)	(280)	(280)
Provincial Government:										
Balance unspent at beginning of the year		-	-	-	200	200	200	-	-	-
Current year receipts		9 272	-	732	13 767	13 767	13 767	-	-	-
Conditions met - transferred to revenue		9 272	-	532	13 767	13 967	13 967	-	-	-
Conditions still to be met - transferred to liabilities		-	-	200	200	-	-	-	-	-
District Municipality:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		1 000	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		1 000	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		61 215	26 697	22 857	36 447	44 111	44 111	26 914	24 774	26 486
Total capital transfers and grants - CTBM	2	7 774	5 143	12 220	6 385	(280)	(280)	(280)	(280)	(280)
TOTAL TRANSFERS AND GRANTS REVENUE		107 607	58 810	105 132	138 498	150 466	150 466	144 180	117 740	133 804
TOTAL TRANSFERS AND GRANTS - CTBM		34 117	40 880	21 276	15 441	8 330	8 330	8 330	8 330	8 330

## 4.8 Councilors and employee benefits

**Table 34 MBRR SA22 - Summary of councilors and staff benefits**

Summary of Employee and Councillor remuneration	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		1 814	2 503	2 663	2 955	3 133	3 133	3 257	3 465	3 687
Pension and UIF Contributions		233	96	107	123	124	124	150	160	170
Medical Aid Contributions		114	130	79	69	142	142	191	203	216
Motor Vehicle Allowance		553	806	729	694	696	696	797	848	902
Cellphone Allowance		152	200	203	218	292	292	313	333	355
Housing Allowances		128	-	263	355	351	351	325	345	368
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>2 993</b>	<b>3 735</b>	<b>4 043</b>	<b>4 415</b>	<b>4 739</b>	<b>4 739</b>	<b>5 032</b>	<b>5 355</b>	<b>5 697</b>
<b>% increase</b>	4		<b>24.8%</b>	<b>8.2%</b>	<b>9.2%</b>	<b>7.4%</b>	<b>-</b>	<b>6.2%</b>	<b>6.4%</b>	<b>6.4%</b>
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		7 002	6 515	7 861	5 263	5 263	5 263	5 621	6 003	6 412
Pension and UIF Contributions		908	864	856	437	437	437	466	497	530
Medical Aid Contributions		503	515	513	116	116	116	124	133	142
Overtime		57	15	41	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	983	720	615	1 152	1 152	1 152	1 230	1 314	1 403
Cellphone Allowance	3	177	152	124	-	-	-	-	-	-
Housing Allowances	3	64	89	55	120	120	120	128	137	146
Other benefits and allowances	3	158	163	171	1 122	1 122	1 122	1 199	1 280	1 367
Payments in lieu of leave		-	-	2 112	-	-	-	-	-	-
Long service awards		-	-	59	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	880	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>9 852</b>	<b>9 033</b>	<b>13 288</b>	<b>8 211</b>	<b>8 211</b>	<b>8 211</b>	<b>8 769</b>	<b>9 364</b>	<b>10 000</b>
<b>% increase</b>	4		<b>(8.3%)</b>	<b>47.1%</b>	<b>(38.2%)</b>	<b>-</b>	<b>-</b>	<b>6.8%</b>	<b>6.8%</b>	<b>6.8%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		57 864	55 737	57 503	75 643	72 859	72 859	89 543	95 633	101 730
Pension and UIF Contributions		7 702	7 637	8 246	10 984	10 702	10 702	12 534	14 124	14 322
Medical Aid Contributions		7 831	7 651	7 706	11 005	8 533	8 533	11 404	13 429	14 289
Overtime		3 973	3 227	4 005	2 830	3 426	3 426	2 971	3 161	3 364
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	4 736	4 744	4 678	4 370	4 713	4 713	5 666	6 196	6 587
Cellphone Allowance	3	661	558	581	381	715	715	738	802	854
Housing Allowances	3	553	628	502	723	360	360	730	1 029	1 094
Other benefits and allowances	3	2 402	2 972	3 472	2 744	3 514	3 514	3 183	3 540	3 759
Payments in lieu of leave		1 955	1 892	914	2 180	2 068	2 068	2 628	2 961	3 151
Long service awards		379	630	557	657	660	660	699	727	757
Post-retirement benefit obligations	6	4 249	6 113	7 487	7 798	7 828	7 828	7 818	8 807	9 371
<b>Sub Total - Other Municipal Staff</b>		<b>92 306</b>	<b>91 789</b>	<b>95 651</b>	<b>119 313</b>	<b>115 380</b>	<b>115 380</b>	<b>137 914</b>	<b>150 411</b>	<b>159 278</b>
<b>% increase</b>	4		<b>(0.6%)</b>	<b>4.2%</b>	<b>24.7%</b>	<b>(3.3%)</b>	<b>-</b>	<b>19.5%</b>	<b>9.1%</b>	<b>5.9%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>105 151</b>	<b>104 557</b>	<b>112 982</b>	<b>131 938</b>	<b>128 330</b>	<b>128 330</b>	<b>151 716</b>	<b>165 130</b>	<b>174 975</b>
<b>% increase</b>	4		<b>(0.6%)</b>	<b>8.1%</b>	<b>16.8%</b>	<b>(2.7%)</b>	<b>-</b>	<b>18.2%</b>	<b>8.8%</b>	<b>6.0%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5,7	<b>102 158</b>	<b>100 822</b>	<b>108 939</b>	<b>127 524</b>	<b>123 591</b>	<b>123 591</b>	<b>146 683</b>	<b>159 775</b>	<b>169 278</b>



**Table 35 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
<b>Councillors</b>	3							
Speaker	4		441 000	-	162 200			603 200
Chief Whip			-	-	-			-
Executive Mayor			449 500	105 700	215 800			771 000
Deputy Executive Mayor			402 800	38 200	162 200			603 200
Executive Committee			740 300	87 200	306 200			1 133 700
Total for all other councillors			1 223 100	109 900	588 300			1 921 300
<b>Total Councillors</b>	8	-	<b>3 256 700</b>	<b>341 000</b>	<b>1 434 700</b>			<b>5 032 400</b>
<b>Senior Managers of the Municipality</b>	5							
Municipal Manager (MM)			1 080 922	227 060	346 479	-		1 654 461
Chief Finance Officer			1 221 988	23 551	243 476	-		1 489 015
HOD: Community Services			1 080 892	43 473	281 927	-		1 406 292
HOD: Corporate Services			1 073 977	169 871	162 443	-		1 406 292
HOD: Strategic Services			563 971	1 869	840 453	-		1 406 292
HOD: Infrastructure Services			599 296	125 066	681 930	-		1 406 292
List of each official with packages >= senior manager			-	-	-	-		-
			-	-	-	-		-
<b>Total Senior Managers of the Municipality</b>	8,10	-	<b>5 621 046</b>	<b>590 890</b>	<b>2 556 708</b>	<b>-</b>		<b>8 768 644</b>
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	-	<b>8 877 746</b>	<b>931 890</b>	<b>3 991 408</b>	<b>-</b>		<b>13 801 044</b>

Table 46 MBRR SA24 – summary of personnel numbers

Summary of Personnel Numbers	Ref	2012/13			Current Year 2013/14			Budget Year 2014/15		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)		13	5	8	13	5	8	13	5	8
Board Members of municipal entities	4	-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>	5	-	-	-	-	-	-	-	-	-
Municipal Manager and Senior Managers	3	6	-	6	6	-	6	6	-	6
Other Managers	7	23	21	2	26	19	7	27	19	8
Professionals		37	35	2	49	46	3	46	30	4
Finance		11	10	1	8	8	-	8	6	-
Spatial/town planning		4	4	-	-	-	-	1	1	-
Information Technology		-	-	-	1	1	-	1	-	-
Roads		1	1	-	1	1	-	1	-	1
Electricity		2	2	-	2	2	-	3	3	-
Water		3	3	-	2	2	-	3	2	-
Sanitation		4	4	-	1	1	-	1	1	-
Refuse		-	-	-	1	1	-	2	1	-
Other		12	11	1	33	30	3	26	16	3
Technicians		29	28	1	44	42	2	57	32	-
Finance		-	-	-	2	2	-	2	2	-
Spatial/town planning		-	-	-	5	5	-	5	4	-
Information Technology		-	-	-	3	2	1	3	2	-
Roads		2	2	-	3	3	-	2	2	-
Electricity		7	6	1	10	9	1	13	8	-
Water		2	2	-	11	11	-	20	6	-
Sanitation		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Other		18	18	-	10	10	-	12	8	-
Clerks (Clerical and administrative)		75	65	10	72	56	16	184	118	18
Service and sales workers		51	51	-	91	80	11	97	116	16
Skilled agricultural and fishery workers		-	-	-	-	-	-	-	-	-
Craft and related trades		-	-	-	-	-	-	-	-	-
Plant and Machine Operators		37	33	4	42	37	5	64	37	11
Elementary Occupations		122	122	-	180	150	30	185	154	8
<b>TOTAL PERSONNEL NUMBERS</b>	9	393	360	33	523	435	88	679	511	79
% Increase					33.1%	20.8%	166.7%	29.8%	17.5%	(10.2%)
<b>Total municipal employees headcount</b>	6, 10	393	360	33	523	435	88	679	511	79
Finance personnel headcount	8, 10	47	43	4	55	48	7	80	59	21
Human Resources personnel headcount	8, 10	7	5	2	6	3	3	11	6	3

#### 4.9 Monthly targets for revenue, expenditure and cash flow

Table 47 MBRR SA25 - Budgeted monthly revenue and expenditure

R thousand	Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue By Source</b>																	
	Property rates		100 984	—	—	—	—	—	—	—	—	—	—	—	100 984	107 043	113 464
	Property rates - penalties & collection charges		283	313	310	373	300	289	125	293	317	318	272	293	3 485	3 680	3 882
	Service charges - electricity revenue		10 708	8 659	9 796	7 512	8 784	8 418	10 283	10 707	9 006	7 888	8 539	6 551	106 851	115 157	121 669
	Service charges - water revenue		6 862	2 057	2 394	2 454	2 512	2 532	3 449	3 562	2 613	2 973	2 303	2 513	36 224	37 952	39 850
	Service charges - sanitation revenue		38 715	—	—	—	—	—	—	—	—	—	—	—	38 715	40 574	42 603
	Service charges - refuse revenue		23 499	270	270	271	271	273	272	271	270	271	271	270	26 479	27 741	29 235
	Service charges - other		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Rental of facilities and equipment		104	107	103	150	108	108	110	108	102	109	104	107	1 322	1 379	1 320
	Interest earned - external investments		2	252	142	265	97	61	393	355	230	238	269	334	2 639	2 745	2 855
	Interest earned - outstanding debtors		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Dividends received		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Fines		31	528	545	562	579	682	519	6	410	218	310	909	5 300	5 512	5 732
	Licences and permits		5	3	2	6	16	14	6	2	9	3	6	1	74	76	80
	Agency services		194	142	134	(35)	133	75	286	92	123	113	141	41	1 439	1 496	1 556
	Transfers recognised - operational		18 665	1 456	14 161	3 262	15 038	3 916	4 137	7 537	10 568	267	22 746	15 515	117 266	92 966	107 318
	Other revenue		1 382	235	370	361	458	321	294	289	325	587	278	1 286	6 186	6 813	5 828
	Gains on disposal of PPE		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>201 434</b>	<b>14 022</b>	<b>28 228</b>	<b>15 181</b>	<b>28 298</b>	<b>16 688</b>	<b>19 875</b>	<b>23 223</b>	<b>23 973</b>	<b>12 984</b>	<b>35 238</b>	<b>27 821</b>	<b>446 964</b>	<b>443 133</b>	<b>475 392</b>
<b>Expenditure By Type</b>																	
	Employee related costs		10 593	10 597	10 606	10 632	17 555	11 717	12 416	12 459	11 799	11 807	12 627	13 874	146 683	159 775	169 278
	Remuneration of councillors		419	419	419	419	419	419	419	419	419	419	419	420	5 032	5 355	5 697
	Debt impairment		865	1 536	1 201	1 201	1 201	1 201	865	1 201	1 213	1 213	1 213	3 011	15 920	16 870	17 888
	Depreciation & asset impairment		47	4 011	2 029	2 029	2 029	2 029	2 025	2 029	1 971	1 971	1 971	680	22 821	27 090	32 473
	Finance charges		140	176	185	161	159	152	144	155	135	136	140	12 154	13 837	14 598	15 182
	Bulk purchases		1 343	10 062	9 363	5 765	5 623	5 595	5 875	7 008	5 543	5 367	5 236	12 914	79 694	90 620	97 864
	Other materials		124	409	85	270	125	351	205	253	260	334	208	613	3 237	3 367	3 486
	Contracted services		564	1 012	1 871	1 765	1 750	1 370	1 296	1 796	2 029	912	1 207	3 414	18 986	19 354	18 410
	Transfers and grants		34	752	464	24	6	119	131	160	53	169	447	342	2 700	2 950	3 112
	Other expenditure		2 401	4 571	16 469	7 612	5 964	9 053	8 423	11 680	4 399	11 081	16 662	33 376	131 691	90 633	94 472
	Loss on disposal of PPE		6	6	6	6	6	6	6	6	6	6	6	16	80	83	87
<b>Total Expenditure</b>			<b>16 535</b>	<b>33 552</b>	<b>42 698</b>	<b>29 884</b>	<b>34 838</b>	<b>32 011</b>	<b>31 805</b>	<b>37 166</b>	<b>27 828</b>	<b>33 413</b>	<b>40 136</b>	<b>80 815</b>	<b>440 681</b>	<b>430 693</b>	<b>457 948</b>
<b>Surplus/(Deficit)</b>			<b>184 898</b>	<b>(19 531)</b>	<b>(14 470)</b>	<b>(14 704)</b>	<b>(6 540)</b>	<b>(15 324)</b>	<b>(11 931)</b>	<b>(13 943)</b>	<b>(3 855)</b>	<b>(20 428)</b>	<b>(4 898)</b>	<b>(52 994)</b>	<b>6 283</b>	<b>12 440</b>	<b>17 444</b>
	Transfers recognised - capital		250	250	3 109	1 643	4 063	6 312	5 037	250	250	250	3 660	1 841	26 914	24 774	26 486
	Contributions recognised - capital		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Contributed assets		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>185 148</b>	<b>(19 281)</b>	<b>(11 361)</b>	<b>(13 061)</b>	<b>(2 477)</b>	<b>(9 012)</b>	<b>(6 894)</b>	<b>(13 693)</b>	<b>(3 605)</b>	<b>(20 178)</b>	<b>(1 238)</b>	<b>(51 153)</b>	<b>33 197</b>	<b>37 214</b>	<b>43 930</b>
	Taxation		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Attributable to minorities		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1	<b>Surplus/(Deficit)</b>		<b>185 148</b>	<b>(19 281)</b>	<b>(11 361)</b>	<b>(13 061)</b>	<b>(2 477)</b>	<b>(9 012)</b>	<b>(6 894)</b>	<b>(13 693)</b>	<b>(3 605)</b>	<b>(20 178)</b>	<b>(1 238)</b>	<b>(51 153)</b>	<b>33 197</b>	<b>37 214</b>	<b>43 930</b>

**Table 48 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Revenue by Vote</b>																
Vote 1 - Council		976	-	-	-	768	-	-	-	656	-	-	-	2 400	2 507	2 620
Vote 2 - Office of the Municipal Manager		7 123	603	689	704	6 110	404	354	686	4 823	512	1 275	2 584	25 847	31 796	34 740
Vote 3 - Community Services		27 609	1 018	15 000	4 148	3 630	5 020	5 284	7 981	2 188	946	22 795	15 548	111 367	75 789	84 522
Vote 4 - Corporate Services		-	1	-	1	-	1	1	-	1	-	1	1	9	359	9
Vote 5 - Financial Services		102 555	1 471	13	6	1 318	5	232	9	992	106	53	122	106 882	114 624	122 016
Vote 6 - Strategic Services		186	149	190	214	169	197	190	197	234	291	181	313	2 511	2 634	2 773
Vote 7 - Municipal Services and Infrastructure Development		63 234	11 029	15 465	11 751	20 166	17 371	18 850	14 600	15 329	11 381	14 592	11 093	224 861	240 198	255 197
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		<b>201 684</b>	<b>14 272</b>	<b>31 337</b>	<b>16 824</b>	<b>32 361</b>	<b>23 000</b>	<b>24 912</b>	<b>23 473</b>	<b>24 223</b>	<b>13 234</b>	<b>38 898</b>	<b>29 662</b>	<b>473 878</b>	<b>467 907</b>	<b>501 878</b>
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Council		456	466	512	538	652	452	467	466	454	497	462	493	5 915	6 225	6 601
Vote 2 - Office of the Municipal Manager		1 602	1 919	1 807	2 031	2 826	2 228	1 865	2 097	1 659	1 705	2 518	3 755	26 013	20 848	21 301
Vote 3 - Community Services		3 839	5 487	17 344	8 043	8 507	9 048	10 031	12 279	4 777	9 882	17 405	29 432	136 075	102 806	114 918
Vote 4 - Corporate Services		1 711	1 513	1 421	1 868	1 950	1 891	1 671	1 607	1 622	3 076	1 639	2 173	22 143	22 078	20 162
Vote 5 - Financial Services		3 426	4 405	4 548	4 107	4 886	4 565	3 700	3 618	4 414	4 065	4 106	5 852	51 692	56 482	56 166
Vote 6 - Strategic Services		692	1 751	1 365	900	1 425	1 629	1 042	1 056	991	1 153	1 465	2 942	16 432	17 399	18 154
Vote 7 - Municipal Services and Infrastructure Development		4 810	18 012	15 681	12 397	14 591	12 199	13 028	16 043	13 909	13 034	12 542	36 167	182 411	205 875	220 646
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		<b>16 535</b>	<b>33 552</b>	<b>42 698</b>	<b>29 884</b>	<b>34 638</b>	<b>32 011</b>	<b>31 805</b>	<b>37 166</b>	<b>27 828</b>	<b>33 413</b>	<b>40 136</b>	<b>80 815</b>	<b>440 681</b>	<b>430 693</b>	<b>457 948</b>
<b>Surplus/(Deficit) before assoc.</b>		<b>185 148</b>	<b>(19 281)</b>	<b>(11 361)</b>	<b>(13 061)</b>	<b>(2 477)</b>	<b>(9 012)</b>	<b>(6 894)</b>	<b>(13 693)</b>	<b>(3 605)</b>	<b>(20 178)</b>	<b>(1 238)</b>	<b>(51 153)</b>	<b>33 197</b>	<b>37 214</b>	<b>43 930</b>
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>185 148</b>	<b>(19 281)</b>	<b>(11 361)</b>	<b>(13 061)</b>	<b>(2 477)</b>	<b>(9 012)</b>	<b>(6 894)</b>	<b>(13 693)</b>	<b>(3 605)</b>	<b>(20 178)</b>	<b>(1 238)</b>	<b>(51 153)</b>	<b>33 197</b>	<b>37 214</b>	<b>43 930</b>

Table 49 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		R thousand												Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
		July	August	Sept.	October	November	December	January	February	March	April	May	June				
Revenue - Standard		110 703	2 126	728	763	8 243	458	635	743	6 522	664	1 378	2 760	135 723	149 896	160 023	
Governance and administration																	
Executive and council		1 011	—	181	25	790	5	216	—	656	83	781	515	4 265	3 022	3 156	
Budget and treasury office		102 838	1 767	314	377	1 611	29	129	297	1 301	322	276	297	109 820	117 736	125 308	
Corporate services		6 854	359	234	361	5 843	160	290	446	4 563	258	321	1 948	21 638	29 139	31 559	
Community and public safety		2 198	748	14 730	3 877	1 963	4 746	5 014	7 710	7 721	674	22 525	15 278	80 185	47 659	47 659	
Community and social services		1 893	14	8	371	2 073	969	1 809	1 153	1 03	277	8	592	9 551	9 506	9 951	
Sport and recreation		49	49	49	49	50	50	50	47	50	49	49	47	588	612	638	
Public safety		247	674	685	537	771	716	815	105	558	337	454	963	6 862	7 137	7 403	
Housing		11	12	13 987	2 920	(877)	2 956	2 340	6 400	11	11	22 014	13 677	63 463	24 126	29 667	
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Economic and environmental services		161	85	107	126	79	116	92	112	149	209	99	227	1 543	1 500	1 560	
Planning and development		61	65	107	126	79	116	92	112	149	209	99	227	1 443	1 500	1 560	
Road transport		100	—	—	—	—	—	—	—	—	—	—	—	100	—	—	
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Trading services		88 544	11 299	15 735	12 022	22 033	17 646	19 121	14 872	16 795	11 652	14 863	11 363	255 944	274 605	292 060	
Electricity		13 348	8 717	9 952	7 549	11 206	8 430	10 317	10 754	10 702	8 009	11 959	8 326	119 270	130 310	139 185	
Water		8 416	2 062	5 253	3 871	7 644	8 657	8 271	3 582	3 588	3 079	2 368	2 517	59 315	63 504	66 907	
Waste water management		41 370	250	253	331	1 316	284	262	263	1 039	292	265	250	46 176	46 384	49 105	
Waste management		25 409	270	270	271	1 867	275	271	272	1 466	271	271	270	31 183	34 407	36 863	
Other		77	33	36	36	43	35	50	37	35	35	33	34	484	524	576	
Total Revenue - Standard		201 684	14 272	31 337	16 824	32 361	23 000	24 912	23 473	24 223	13 234	38 898	29 662	473 878	467 907	501 878	
Expenditure - Standard																	
Governance and administration		7 866	9 305	9 144	9 479	11 311	10 041	8 492	8 700	8 990	10 294	9 603	14 502	117 727	117 204	117 461	
Executive and council		2 223	2 362	2 395	2 637	3 276	2 808	2 183	2 396	2 373	2 355	2 225	3 175	30 408	25 342	27 005	
Budget and treasury office		2 739	2 744	2 615	2 909	3 670	2 637	2 805	2 702	3 207	3 005	2 759	4 415	36 206	38 499	37 960	
Corporate services		2 903	4 198	4 135	4 365	4 934	4 587	3 504	3 602	4 593	4 340	4 619	6 912	51 113	53 363	52 496	
Community and public safety		1 891	2 838	15 432	6 191	5 758	6 858	5 981	9 840	2 778	7 505	14 927	24 068	104 067	68 283	76 933	
Community and social services		918	1 311	1 080	1 115	1 498	1 138	1 092	1 059	1 046	1 137	1 147	1 933	14 472	16 081	17 160	
Sport and recreation		206	426	305	328	1 842	1 239	1 107	910	438	454	357	568	8 181	8 990	9 676	
Public safety		672	915	813	1 682	2 089	1 357	1 288	1 324	1 139	1 081	906	2 318	15 582	16 315	17 264	
Housing		96	186	13 234	3 067	328	3 126	2 494	6 548	155	4 833	12 517	19 248	65 832	26 898	32 833	
Health		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Economic and environmental services		313	1 319	1 196	754	1 657	1 436	1 349	1 011	1 349	1 196	985	5 673	18 219	20 335	20 841	
Planning and development		541	621	612	544	1 100	1 150	658	700	613	657	661	975	8 831	9 398	9 805	
Road transport		(228)	698	584	210	557	287	691	312	737	539	304	4 698	9 388	10 938	11 035	
Environmental protection		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Trading services		6 501	19 387	16 499	13 470	16 107	13 589	15 890	17 599	14 686	14 263	14 224	36 260	198 474	222 537	240 252	
Electricity		2 942	12 480	11 566	8 064	8 561	7 749	8 348	9 569	8 140	7 967	7 843	20 670	113 918	129 139	138 942	
Water		1 154	2 644	1 952	2 178	2 011	2 011	2 128	3 617	3 187	2 449	2 336	6 962	32 553	36 867	39 290	
Waste water management		583	1 749	1 184	1 754	2 755	1 774	1 499	2 111	1 495	1 605	1 703	3 401	21 621	23 737	25 872	
Waste management		1 813	2 513	1 777	1 717	2 613	2 055	3 915	2 303	1 864	2 242	2 342	5 228	30 382	32 794	36 148	
Other		(35)	704	427	(10)	5	87	93	15	24	155	417	312	2 193	2 333	2 461	
Total Expenditure - Standard		16 535	33 552	42 698	29 884	34 838	32 011	31 805	37 166	27 828	33 413	40 136	80 815	440 681	430 693	457 948	
Surplus/(Deficit) before assoc.		185 148	(19 281)	(11 361)	(13 061)	(2 477)	(9 012)	(6 894)	(13 693)	(3 605)	(20 178)	(1 238)	(51 153)	33 197	37 214	43 930	
Share of surplus/ (deficit) of associate		—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Surplus/(Deficit)	1	185 148	(19 281)	(11 361)	(13 061)	(2 477)	(9 012)	(6 894)	(13 693)	(3 605)	(20 178)	(1 238)	(51 153)	33 197	37 214	43 930	

Table 50 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Multi-year expenditure to be appropriated</b>	1															
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		500	500	500	500	500	500	500	500	500	500	500	500	6 000	9 600	2 700
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 000	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		29	29	29	29	29	29	29	29	29	29	29	29	351	11 300	12 900
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	2	613	613	613	613	613	613	613	613	613	613	613	613	7 351	21 900	15 600
<b>Single-year expenditure to be appropriated</b>																
Vote 1 - Council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - Community Services		340	340	340	340	340	340	340	340	340	340	340	340	4 081	750	4 228
Vote 4 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services		124	124	124	124	124	124	124	124	124	124	124	124	1 483	-	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		2 468	2 468	2 468	2 468	2 468	2 468	2 468	2 468	2 468	2 468	2 468	2 468	29 613	12 396	8 795
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	2	2 931	2 931	2 931	2 931	2 931	2 931	2 931	2 931	2 931	2 931	2 931	2 931	35 178	13 146	13 023
<b>Total Capital Expenditure</b>	2	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	42 528	35 046	28 623

Table 51 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>Capital Expenditure - Standard</b>	1	207	207	207	207	207	207	207	207	207	207	207	207	2 483	1 000	-	
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Executive and council		83	83	83	83	83	83	83	83	83	83	83	83	1 000	1 000	-	
Budget and treasury office		124	124	124	124	124	124	124	124	124	124	124	124	1 483	-	-	
Corporate services		204	204	204	204	204	204	204	204	204	204	204	205	2 454	5 350	6 928	
<b>Community and public safety</b>		96	96	96	96	96	96	96	96	96	96	96	96	1 154	750	500	
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	2 600	3 188	
Sport and recreation		108	108	108	108	108	108	108	108	108	108	108	108	1 300	2 000	3 240	
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Economic and environmental services</b>		713	713	713	713	713	713	713	713	713	713	713	713	8 552	5 037	3 000	
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Road transport		713	713	713	713	713	713	713	713	713	713	713	713	8 552	5 037	3 000	
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Trading services</b>		2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	2 420	29 039	23 659	18 895	
Electricity		926	926	926	926	926	926	926	926	926	926	926	926	11 111	6 400	7 900	
Water		475	475	475	475	475	475	475	475	475	475	475	475	5 701	7 659	7 795	
Waste water management		383	383	383	383	383	383	383	383	383	383	383	383	4 600	4 600	3 000	
Waste management		636	636	636	636	636	636	636	636	636	636	636	636	7 627	5 000	-	
<b>Other</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure - Standard</b>	2	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	42 528	35 046	28 623	
<b>Funded by:</b>																	
National Government		2 049	2 049	2 049	2 049	2 049	2 049	2 049	2 049	2 049	2 049	2 049	2 049	24 591	22 346	23 970	
Provincial Government		96	96	96	96	96	96	96	96	96	96	96	96	1 154	750	500	
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Transfers recognised - capital</b>		2 145	2 145	2 145	2 145	2 145	2 145	2 145	2 145	2 145	2 145	2 145	2 145	25 745	23 096	24 470	
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Borrowing</b>		833	833	833	833	833	833	833	833	833	833	833	833	10 000	10 000	-	
<b>Internally generated funds</b>		565	565	565	565	565	565	565	565	565	565	565	565	6 783	1 950	4 153	
<b>Total Capital Funding</b>		3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	42 528	35 046	28 623	

Table 52 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS		Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
<b>Cash Receipts By Source</b>														1			
Property rates		8 180	8 180	8 180	8 180	8 180	8 180	8 180	8 180	8 180	8 180	8 180	8 180	98 156	104 045	110 287	
Property rates - penalties & collection charges		275	304	301	363	291	281	122	285	308	309	284	268	3 387	3 577	3 774	
Service charges - electricity revenue		10 408	8 416	9 522	7 302	8 538	8 182	9 996	10 407	8 753	7 667	8 300	6 368	103 859	111 932	118 282	
Service charges - water revenue		6 670	1 999	2 327	2 385	2 442	2 461	3 352	3 462	2 540	2 890	2 239	2 443	35 210	36 889	38 734	
Service charges - sanitation revenue		373	3 387	3 387	3 387	3 387	3 387	3 387	3 387	3 387	3 387	3 387	3 387	37 631	39 438	41 410	
Service charges - refuse revenue		(171)	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	2 355	25 738	26 964	28 416	
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment		104	107	103	150	108	108	110	108	102	109	104	107	1 322	1 379	1 320	
Interest earned - external investments		2	252	142	265	97	61	393	355	230	238	269	334	2 639	2 745	2 855	
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines		31	528	545	562	579	682	519	6	410	218	310	909	5 300	5 512	5 732	
Licences and permits		5	3	2	6	16	14	6	2	9	3	6	1	74	76	80	
Agency services		194	142	134	(35)	133	75	286	92	123	113	141	41	1 439	1 496	1 556	
Transfer receipts - operational		18 665	1 456	14 161	3 262	15 038	3 916	4 137	7 537	10 568	267	22 746	15 515	117 268	92 966	107 318	
Other revenue		1 382	235	370	361	458	321	294	289	325	587	278	1 288	6 186	6 813	5 828	
<b>Cash Receipts by Source</b>		<b>46 118</b>	<b>27 385</b>	<b>41 531</b>	<b>28 542</b>	<b>41 622</b>	<b>30 024</b>	<b>33 138</b>	<b>36 465</b>	<b>37 291</b>	<b>26 322</b>	<b>48 578</b>	<b>41 211</b>	<b>438 207</b>	<b>433 833</b>	<b>465 572</b>	
<b>Other Cash Flows by Source</b>																	
Transfer receipts - capital		250	250	3 109	1 843	4 063	6 312	5 037	250	250	250	3 660	1 841	26 914	24 774	26 486	
Contributions recognised - capital & Contributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Short term loans		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) other non-current receivable		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Receipts by Source</b>		<b>46 368</b>	<b>27 615</b>	<b>44 639</b>	<b>30 185</b>	<b>45 685</b>	<b>36 336</b>	<b>38 175</b>	<b>36 715</b>	<b>37 541</b>	<b>26 572</b>	<b>52 238</b>	<b>53 052</b>	<b>475 121</b>	<b>468 607</b>	<b>492 058</b>	
<b>Cash Payments by Type</b>																	
Employee related costs		9 777	9 777	9 781	9 777	16 166	10 696	11 277	11 399	10 829	10 850	11 645	10 854	132 827	144 334	152 880	
Remuneration of councillors		415	415	415	415	415	415	415	415	415	415	415	415	4 982	5 301	5 640	
Finance charges		140	176	185	161	159	152	144	155	135	136	140	12 154	13 837	14 598	15 182	
Bulk purchases - Electricity		1 123	9 861	9 176	5 650	5 490	5 493	5 757	6 818	5 432	5 259	5 131	12 587	77 767	88 453	95 529	
Bulk purchases - Water & Sewer		193	-	-	-	20	-	-	50	-	-	-	69	332	354	377	
Other materials		122	401	83	265	123	344	201	247	255	327	204	601	3 173	3 300	3 416	
Contracted services		552	992	1 834	1 729	1 715	1 343	1 270	1 760	1 989	893	1 183	3 346	18 606	18 967	18 041	
Transfers and grants - other municipalities		34	752	464	24	6	119	131	160	53	169	447	342	2 700	2 950	3 112	
Transfers and grants - other		2 779	5 232	16 781	7 998	5 289	9 012	8 218	10 833	4 239	10 684	16 552	31 441	129 057	88 820	92 583	
Other expenditure		15 135	27 605	38 718	26 019	29 383	27 564	27 414	31 838	23 347	28 734	35 716	71 811	383 282	367 077	386 760	
<b>Cash Payments by Type</b>		<b>15 135</b>	<b>27 605</b>	<b>38 718</b>	<b>26 019</b>	<b>29 383</b>	<b>27 564</b>	<b>27 414</b>	<b>31 838</b>	<b>23 347</b>	<b>28 734</b>	<b>35 716</b>	<b>71 811</b>	<b>383 282</b>	<b>367 077</b>	<b>386 760</b>	
<b>Other Cash Flows/Payments by Type</b>																	
Capital assets		3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	3 544	42 528	35 046	28 623	
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-	-	-	13 531	14 423	14 815	
Other Cash Flows/Payments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Cash Payments by Type</b>		<b>18 679</b>	<b>31 149</b>	<b>42 262</b>	<b>29 563</b>	<b>32 927</b>	<b>37 467</b>	<b>30 958</b>	<b>35 382</b>	<b>26 891</b>	<b>32 278</b>	<b>39 260</b>	<b>82 526</b>	<b>439 341</b>	<b>416 545</b>	<b>430 198</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>27 689</b>	<b>(3 534)</b>	<b>2 377</b>	<b>622</b>	<b>12 759</b>	<b>(1 132)</b>	<b>7 217</b>	<b>1 334</b>	<b>10 650</b>	<b>(5 706)</b>	<b>12 978</b>	<b>(29 474)</b>	<b>35 780</b>	<b>52 062</b>	<b>61 860</b>	
Cash/cash equivalents at the monthly year begin:		38 828	66 518	62 984	65 361	65 983	78 742	77 610	84 827	86 161	96 810	91 104	104 082	38 828	74 608	126 670	
Cash/cash equivalents at the monthly year end:		66 518	62 984	65 361	65 983	78 742	77 610	84 827	86 161	96 810	91 104	104 082	74 608	74 608	126 670	188 530	



#### **4.10 Contracts having future budgetary implications**

In terms of Bitou Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

#### **4.11 Capital expenditure details**

The following three tables present details of Bitou Municipality's capital expenditure program, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Capital expenditure on new assets by Asset Class/Sub-class											
Infrastructure			52 000	15 012	26 837	26 811	30 406	30 406	34 704	20 009	13 520
Infrastructure - Road transport			10 314	7 724	5 506	1 216	1 216	1 216	-	-	-
Roads, Pavements & Bridges			10 314	7 724	5 506	1 216	1 216	1 216	-	-	-
Storm water			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			6 821	1 509	2 736	-	3 365	3 365	9 111	6 400	7 900
Generation			-	-	558	-	292	292	-	-	-
Transmission & Reticulation			6 440	1 390	2 178	-	3 073	3 073	8 760	5 000	6 000
Street Lighting			381	119	-	-	-	-	351	1 400	1 900
Infrastructure - Water			32 990	5 392	7 634	9 175	9 175	9 175	6 211	7 009	5 620
Dams & Reservoirs			212	-	7 634	9 175	9 175	9 175	5 211	3 600	3 250
Water purification			32 792	4 976	-	-	-	-	-	2 409	2 370
Reticulation			(14)	416	-	-	-	-	1 000	1 000	-
Infrastructure - Sanitation			1 875	197	4 261	350	580	580	4 000	1 600	-
Reticulation			738	197	4 261	-	-	-	-	-	-
Sewerage purification			1 136	-	-	350	580	580	4 000	1 600	-
Infrastructure - Other			-	190	6 700	16 070	16 070	16 070	15 382	5 000	-
Waste Management			-	190	-	4 386	4 386	4 386	7 627	5 000	-
Transportation	2		-	-	-	-	-	-	7 755	-	-
Gas			-	-	-	-	-	-	-	-	-
Other	3		-	-	6 700	11 684	11 684	11 684	-	-	-
Community			27 998	16 882	557	1 355	1 509	1 509	600	750	3 480
Parks & gardens			-	-	-	-	-	-	-	-	-
Sportsfields & stadia			5 444	-	-	-	-	-	-	-	-
Swimming pools			-	-	-	-	-	-	-	-	-
Community halls			-	-	-	-	-	-	-	-	-
Libraries			4 235	9 142	-	-	-	-	600	750	500
Recreational facilities			-	-	-	-	28	28	-	-	-
Fire, safety & emergency			1 389	725	-	55	55	55	-	-	2 980
Security and policing			18	15	206	-	78	78	-	-	-
Buses	7		-	-	-	-	-	-	-	-	-
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			287	-	351	1 300	1 349	1 349	-	-	-
Social rental housing	8		16 384	7 000	-	-	-	-	-	-	-
Other			241	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Buildings	9		-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Housing development			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Other assets			18 906	5 658	850	3 875	8 028	8 028	2 202	2 000	748
General vehicles	10		-	133	-	-	-	-	-	-	500
Specialised vehicles			-	-	-	-	2 708	2 708	-	-	-
Plant & equipment			12 251	2 252	156	373	888	888	-	-	248
Computers - hardware/equipment			2 226	2 606	6	704	1 285	1 285	643	-	-
Furniture and other office equipment			144	639	687	848	1 196	1 196	559	-	-
Abattoirs			-	-	-	-	-	-	-	-	-
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			2 223	-	-	-	-	-	-	-	-
Other Buildings			-	-	-	-	-	-	1 000	2 000	-
Other Land			1 667	-	-	1 950	1 950	1 950	-	-	-
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-
Other			395	28	-	-	-	-	-	-	-
Agricultural assets			-	-	-	-	-	-	-	-	-
Agricultural 1			-	-	-	-	-	-	-	-	-
Agricultural 2			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Biological 1			-	-	-	-	-	-	-	-	-
Biological 2			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	15	-	-
Computers - software & programming			-	-	-	-	-	-	15	-	-
Other			-	-	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	1		98 905	37 551	28 243	32 040	39 944	39 944	37 521	22 759	17 748
Specialised vehicles			-	-	-	-	2 708	2 708	-	-	-
Refuse			-	-	-	-	2 708	2 708	-	-	-
Fire			-	-	-	-	-	-	-	-	-
Conservancy			-	-	-	-	-	-	-	-	-
Ambulances			-	-	-	-	-	-	-	-	-

Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand	1										
Capital expenditure on renewal of existing assets by Asset Class/Sub-class											
Infrastructure	1	-	-	12 374	15 066	24 698	24 698	3 797	9 537	8 000	
Infrastructure - Road transport		-	-	10 457	2 300	2 300	2 300	797	5 037	3 000	
Roads, Pavements & Bridges		-	-	10 457	2 300	2 300	2 300	-	4 000	3 000	
Storm water		-	-	-	-	-	-	797	1 037	-	
Infrastructure - Electricity		-	-	219	2 283	4 664	4 664	2 000	-	-	
Generation		-	-	-	-	-	-	-	-	-	
Transmission & Reticulation		-	-	219	2 283	4 664	4 664	2 000	-	-	
Street Lighting		-	-	-	-	-	-	-	-	-	
Infrastructure - Water		-	-	-	250	830	830	400	1 500	2 000	
Dams & Reservoirs		-	-	-	-	-	-	-	500	2 000	
Water purification		-	-	-	-	-	-	-	-	-	
Reticulation		-	-	-	250	830	830	400	1 000	-	
Infrastructure - Sanitation		-	-	1 698	10 233	16 904	16 904	600	3 000	3 000	
Reticulation		-	-	1 698	-	-	-	600	3 000	3 000	
Sewerage purification		-	-	-	10 233	16 904	16 904	-	-	-	
Infrastructure - Other		-	-	-	-	-	-	-	-	-	
Waste Management		-	-	-	-	-	-	-	-	-	
Transportation		2	-	-	-	-	-	-	-	-	
Gas		-	-	-	-	-	-	-	-	-	
Other		3	-	-	-	-	-	-	-	-	
Community		-	-	-	-	-	2 683	2 683	-	2 600	2 700
Parks & gardens		-	-	-	-	-	-	-	-	-	-
Sportsfields & stadia		-	-	-	-	-	2 683	2 683	-	2 600	2 700
Swimming pools		-	-	-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-	-	-
Security and policing		-	-	-	-	-	-	-	-	-	-
Buses		7	-	-	-	-	-	-	-	-	-
Clinics		-	-	-	-	-	-	-	-	-	-
Museums & Art Galleries		-	-	-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Heritage assets	-	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	-	
Other	9	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	-	
Housing development	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Other assets	-	-	-	142	5 055	5 485	5 485	1 210	150	175	
General vehicles	-	-	-	-	4 395	4 395	4 395	-	-	-	
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	
Plant & equipment	-	-	142	-	-	-	-	90	150	175	
Computers - hardware/equipment	-	-	-	350	350	350	350	1 120	-	-	
Furniture and other office equipment	-	-	-	10	90	90	90	-	-	-	
Abattoirs	-	-	-	-	-	-	-	-	-	-	
Markets	-	-	-	-	-	-	-	-	-	-	
Civic Land and Buildings	-	-	-	-	-	-	-	-	-	-	
Other Buildings	-	-	-	300	650	650	650	-	-	-	
Other Land	-	-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Agricultural assets	-	-	-	-	-	-	-	-	-	-	
Agricultural 1	-	-	-	-	-	-	-	-	-	-	
Agricultural 2	-	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	-	
Biological 1	-	-	-	-	-	-	-	-	-	-	
Biological 2	-	-	-	-	-	-	-	-	-	-	
Intangibles	-	-	-	-	-	-	-	-	-	-	
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure on renewal of existing	1	-	-	12 516	20 121	32 866	32 866	5 008	12 287	10 875	

Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework			
	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand											
Repairs and maintenance expenditure by Asset Class/Sub-class											
Infrastructure	2	5 941	5 352	5 758	5 539	7 176	7 176	9 598	9 170	9 963	
Infrastructure - Road transport		861	1 793	1 173	1 480	1 790	1 790	2 485	2 561	2 820	
Roads, Pavements & Bridges		433	1 432	935	1 130	1 340	1 340	1 735	1 770	1 997	
Storm water		428	361	238	350	450	450	750	791	823	
Infrastructure - Electricity		1 300	1 688	1 540	690	2 017	2 017	2 874	3 200	3 620	
Generation		—	—	—	—	—	—	—	—	—	
Transmission & Reticulation		1 278	1 673	1 441	603	1 928	1 928	2 457	2 760	3 163	
Street Lighting		22	15	99	87	88	88	417	440	457	
Infrastructure - Water		341	31	1 165	831	831	831	722	761	792	
Dams & Reservoirs		—	—	—	—	—	—	—	—	—	
Water purification		143	—	1 031	625	625	625	502	529	550	
Reticulation		198	31	134	206	206	206	220	232	241	
Infrastructure - Sanitation		1 324	959	1 257	1 848	1 848	1 848	2 828	1 931	1 985	
Reticulation		1 211	954	1 244	1 598	1 598	1 598	2 560	1 648	1 692	
Sewerage purification		113	5	13	250	250	250	268	282	294	
Infrastructure - Other		2 117	881	623	690	690	690	690	718	746	
Waste Management		2 117	881	623	690	690	690	690	718	746	
Transportation		3	—	—	—	—	—	—	—	—	
Gas		—	—	—	—	—	—	—	—	—	
Other		—	—	—	—	—	—	—	—	—	
Community		7	3 135	2 097	815	1 659	1 753	1 753	1 832	1 931	2 008
Parks & gardens		—	—	—	—	—	—	—	—	—	—
Sportsfields & stadia		—	274	192	250	250	250	136	141	147	
Swimming pools		—	—	—	—	—	—	—	—	—	—
Community halls		—	—	—	—	—	—	—	—	—	—
Libraries		—	—	—	—	—	—	—	—	—	—
Recreational facilities		505	308	119	405	365	365	338	356	370	
Fire, safety & emergency		111	87	1	50	35	35	54	56	59	
Security and policing		—	—	—	—	—	—	—	—	—	—
Buses		—	—	—	—	—	—	—	—	—	—
Clinics		—	—	—	—	—	—	—	—	—	—
Museums & Art Galleries		—	—	—	—	—	—	—	—	—	—
Cemeteries		—	—	—	—	—	—	—	—	—	—
Social rental housing	8	—	—	—	—	—	—	—	—	—	
Other	2 519	1 428	503	954	1 103	1 103	1 305	1 377	1 432		
Heritage assets	9	—	—	—	—	—	—	—	—	—	
Buildings	—	—	—	—	—	—	—	—	—	—	
Other	—	—	—	—	—	—	—	—	—	—	
Investment properties	10	—	—	—	—	—	—	—	—	—	
Housing development	—	—	—	—	—	—	—	—	—	—	
Other	—	—	—	—	—	—	—	—	—	—	
Other assets	10	5 717	2 792	2 841	4 655	4 268	4 268	4 798	5 062	5 265	
General vehicles	916	962	906	1 451	1 297	1 297	1 428	1 506	1 567		
Specialised vehicles	239	199	316	—	—	—	—	—	—		
Plant & equipment	583	151	147	589	581	581	727	766	797		
Computers - hardware/equipment	12	24	17	268	270	270	286	301	314		
Furniture and other office equipment	29	2	8	45	45	45	67	71	74		
Abattoirs	—	—	—	—	—	—	—	—	—		
Markets	—	—	—	—	—	—	—	—	—		
Civic Land and Buildings	3 742	1 383	1 403	2 117	1 889	1 889	2 131	2 248	2 339		
Other Buildings	65	60	30	60	60	60	64	68	70		
Other Land	—	—	—	—	—	—	—	—	—		
Surplus Assets - (Investment or Inventory)	—	—	—	—	—	—	—	—	—		
Other	131	11	12	125	125	125	96	101	105		
Agricultural assets	—	—	—	—	—	—	—	—	—	—	
List sub-class	—	—	—	—	—	—	—	—	—	—	
0	—	—	—	—	—	—	—	—	—	—	
Biological assets	—	—	—	—	—	—	—	—	—	—	
List sub-class	—	—	—	—	—	—	—	—	—	—	
0	—	—	—	—	—	—	—	—	—	—	
Intangibles	—	—	—	—	—	3	3	14	14	15	
Computers - software & programming	—	—	—	—	—	3	3	14	14	15	
Other (list sub-class)	—	—	—	—	—	—	—	—	—	—	
Total Repairs and Maintenance Expenditure	1	14 793	10 240	9 413	11 853	13 200	13 200	16 242	16 177	17 251	
Specialised vehicles		239	199	316	—	—	—	—	—	—	
Refuse	—	—	—	—	—	—	—	—	—	—	
Fire	239	199	316	—	—	—	—	—	—	—	
Conservancy	—	—	—	—	—	—	—	—	—	—	
Ambulances	—	—	—	—	—	—	—	—	—	—	
R&M as a % of PPE		2.8%	1.7%	1.5%	1.9%	2.0%	2.0%	2.3%	2.3%	2.5%	
R&M as % Operating Expenditure		4.9%	3.4%	2.7%	2.9%	3.3%	3.3%	3.7%	3.8%	3.8%	

Table 56 MBRR SA34d - Depreciation by asset class

WC047 Bitou - Supporting Table SA34d Depreciation by asset class

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
<b>Depreciation by Asset Class/Sub-class</b>											
<b>Infrastructure</b>											
Infrastructure - Road transport			9 346	12 217	11 527	16 895	16 790	16 790	18 311	21 804	26 097
Roads, Pavements & Bridges			2 725	3 857	3 062	4 583	4 446	4 446	4 557	5 345	6 305
Storm water			2 725	3 857	3 062	4 583	4 446	4 446	4 532	5 281	6 230
Infrastructure - Electricity			-	-	-	-	-	25	64	75	
Generation			1 346	1 657	1 774	2 768	2 860	2 860	3 260	3 922	4 858
Transmission & Reticulation			-	-	-	-	9	9	10	12	
Street Lighting			1 346	1 657	1 774	2 768	2 851	2 851	3 240	3 850	4 698
Infrastructure - Water			-	-	-	-	-	-	-	-	148
Dams & Reservoirs			3 112	4 649	4 552	6 069	5 905	5 905	6 225	7 359	8 822
Water purification			437	669	664	1 281	1 242	1 242	1 428	1 764	2 254
Reticulation			502	1 659	1 654	1 409	1 366	1 366	1 393	1 664	2 022
Infrastructure - Sanitation			2 173	2 320	2 233	3 380	3 296	3 296	3 404	3 931	4 547
Reticulation			1 999	2 028	2 111	2 956	3 078	3 078	3 280	3 882	4 612
Sewerage purification			-	-	-	-	-	-	19	127	268
Infrastructure - Other			1 999	2 028	2 111	2 956	3 078	3 078	3 262	3 755	4 344
Waste Management			164	26	28	517	502	502	988	1 297	1 500
Transportation			164	26	28	151	146	146	386	613	709
Gas			-	-	-	-	-	-	240	273	315
Other			-	-	-	-	-	-	-	-	-
		3	-	-	-	366	355	355	362	411	475
<b>Community</b>											
Parks & gardens			948	1 042	1 411	1 403	1 447	1 447	1 494	1 812	2 347
Sportsfields & stadia			306	342	320	196	190	190	194	219	254
Swimming pools			-	-	-	-	82	82	83	186	325
Community halls			-	-	-	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Recreational facilities			140	58	519	549	533	533	562	663	788
Fire, safety & emergency			373	512	508	523	508	508	518	587	679
Security and policing			43	47	-	12	12	12	12	14	137
Buses			-	-	-	-	2	2	2	3	8
Clinics			-	-	-	-	-	-	-	-	-
Museums & Art Galleries			-	-	-	-	-	-	-	-	-
Cemeteries			-	-	-	-	-	-	-	-	-
Social rental housing			-	-	-	41	41	41	42	47	55
Other			-	-	-	-	-	-	-	-	-
		8	87	83	64	83	80	80	82	93	107
<b>Heritage assets</b>											
Buildings			-	-	-	1	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
		9	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>											
Housing development			168	168	3 086	168	168	168	168	168	168
Other			-	-	-	-	-	-	-	-	-
			168	168	3 086	168	168	168	168	168	168
<b>Other assets</b>											
General vehicles			5 743	5 772	12 887	2 442	2 508	2 508	2 662	3 095	3 618
Specialised vehicles			1 143	984	54	355	344	344	351	398	481
Plant & equipment			207	251	585	118	197	197	201	228	264
Computers - hardware/equipment			508	640	643	185	195	195	201	234	287
Furniture and other office equipment			480	532	860	171	184	184	242	275	318
Abattoirs			1 911	1 927	2 656	255	260	260	283	321	371
Markets			-	-	-	-	-	-	-	-	-
Civic Land and Buildings			-	-	-	-	-	-	-	-	-
Other Buildings			-	-	-	-	-	-	-	-	-
Other Land			1 494	1 438	970	1 357	1 327	1 327	1 384	1 640	1 897
Surplus Assets - (Investment or Inventory)			-	-	4 958	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
			(0)	0	2 361	0	0	0	(0)	(0)	(0)
<b>Agricultural assets</b>											
List sub-class			-	-	-	-	-	-	-	-	-
0			-	-	-	-	-	-	-	-	-
<b>Biological assets</b>											
List sub-class			-	-	-	-	-	-	-	-	-
0			-	-	-	-	-	-	-	-	-
<b>Intangibles</b>											
Computers - software & programming			563	4 985	658	188	182	182	186	211	244
Other (list sub-class)			563	4 985	658	188	182	182	186	211	244
			-	-	-	-	-	-	-	-	-
Total Depreciation		1	16 768	24 183	29 568	21 095	21 095	21 095	22 821	27 090	32 473
<b>Specialised vehicles</b>											
Refuse			207	251	585	118	197	197	201	228	264
Fire			58	58	179	13	95	95	97	110	127
Conservancy			149	194	406	106	102	102	104	118	137
Ambulances			-	-	-	-	-	-	-	-	-

**Table 57 MBRR SA35 - Future financial implications of the capital budget**

Vote Description	Ref	2014/15 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Council		-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-
Vote 3 - Community Services		10 081	10 350	6 928	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-
Vote 5 - Financial Services		2 483	1 000	-	-	-	-	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		29 964	23 696	21 695	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>42 528</b>	<b>35 046</b>	<b>28 623</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Council		-	-	-	-	-	-	-
Vote 2 - Office of the Municipal Manager		-	-	-	-	-	-	-
Vote 3 - Community Services		-	-	-	-	-	-	-
Vote 4 - Corporate Services		-	-	-	-	-	-	-
Vote 5 - Financial Services		-	-	-	-	-	-	-
Vote 6 - Strategic Services		-	-	-	-	-	-	-
Vote 7 - Municipal Services and Infrastructure Development		-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates		-	-	-	-	-	-	-
Property rates - penalties & collection charges		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-
List other revenues sources if applicable		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>42 528</b>	<b>35 046</b>	<b>28 623</b>	-	-	-	-

Table 58 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	IDP Goal code 2	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information
				Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand	4								New or renewal
<b>Parent municipality:</b>									
<i>List all capital projects grouped by Municipal Vote</i>									
Council	1	FURNITURE AND EQUIPMENT	D	11	-	-	-	-	New
Council	1	LEASED VEHICLES	D	-	350	-	-	-	Renewal
Office of the Municipal Manager	2	FURNITURE AND EQUIPMENT	D	-	-	-	-	-	New
Office of the Municipal Manager	2	FURNITURE AND EQUIPMENT 1	D	-	110	-	-	-	New
Office of the Municipal Manager	2	OFFICE FURNITURE	C	-	27	-	-	-	New
Office of the Municipal Manager	2	COMPUTER EQUIPMENT 1	C	-	18	-	-	-	New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	C	-	12	-	-	-	New
Corporate Services	4	COMPUTER EQUIPMENT 1	C	-	26	-	-	-	New
Community Services	3	PRINTER (HIV CO-ORDINATOR)	A	-	8	-	-	-	New
Community Services	3	FURNITURE AND EQUIPMENT	A	10	-	-	-	-	New
Community Services	3	FURNITURE AND EQUIPMENT	A	49	-	-	-	-	New
Community Services	3	SERVICES LINKED TO HOUSING PRO	A	-	11 684	-	-	-	New
Community Services	3	LAND AND BUILDINGS 2	A	-	1 322	-	-	-	New
Community Services	3	FURNITURE AND EQUIPMENT	A	40	-	-	-	-	New
Community Services	3	FURNITURE AND EQUIPMENT 1	A	-	48	-	-	-	New
Community Services	3	ABLUTION FACILITIES	B	-	28	-	-	-	New
Community Services	3	TOOLS AND EQUIPMENT	B	-	15	-	-	-	New
Community Services	3	LDV LONG WHEEL BASE DIESEL	B	-	-	-	-	300	New
Community Services	3	LAND AND BUILDINGS 2	B	-	328	-	-	-	New
Community Services	3	SHELVING FOR LIBRARIES	A	-	-	40	-	-	New
Community Services	3	BOOK DETECTION SYSTEM	A	-	150	-	-	-	New
Community Services	3	COMPUTER EQUIPMENT 1	A	-	35	295	-	-	New
Community Services	3	AIR CONDITIONERS	A	-	142	30	-	-	New
Community Services	3	UPGRADE OF MUNICIPAL BUILDINGS	A	-	-	600	750	500	New
Community Services	3	FURNITURE AND EQUIPMENT	A	-	120	189	-	-	New
Community Services	3	FIRE STATION AIRPORT	A	-	-	-	-	2 500	New
Community Services	3	FIRE HYDRANTS	A	-	55	-	-	80	New
Community Services	3	TOOLS AND EQUIPMENT	A	-	-	-	-	400	New
Community Services	3	LEASED VEHICLES	A	-	420	-	-	-	Renewal
Community Services	3	FURNITURE AND EQUIPMENT 1	A	-	14	300	-	-	New
Community Services	3	TOOLS AND EQUIPMENT	A	-	97	-	-	60	New
Community Services	3	COMPUTER EQUIPMENT 1	A	-	31	-	-	-	New
Community Services	3	TRAILOR	A	-	-	-	-	200	New
Community Services	3	LAND AND BUILDINGS 2	A	-	300	1 000	2 000	-	New
Community Services	3	LEASED VEHICLES	A	-	270	-	-	-	Renewal
Community Services	3	FURNITURE AND EQUIPMENT	A	435	-	-	-	-	New
Community Services	3	FURNITURE AND EQUIPMENT 1	A	-	67	-	-	-	New
Community Services	3	TOOLS AND EQUIPMENT	C	-	27	-	-	-	New
Community Services	3	COMPUTER EQUIPMENT 1	C	-	18	-	-	-	New
Community Services	3	LEASED VEHICLES	C	-	220	-	-	-	Renewal
Community Services	3	FURNITURE AND EQUIPMENT 1	C	-	14	-	-	-	New

Municipal Vote/Capital project	Ref	Program/Project description	IDP Goal code 2	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information
				Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand	4								New or renewal
Community Services	3	TOOLS AND EQUIPMENT	A	142	2 507	-	-	-	Renewal
Community Services	3	COMPUTER EQUIPMENT	A	-	16	-	-	-	New
Community Services	3	EQUIPMENT	A	143	-	-	-	188	New
Community Services	3	UPGRADE OF SPORTS FACILIT: MIG	A	-	-	-	2 600	2 700	Renewal
Community Services	3	UPGRADE OF SPORTS FACILITIES 1	A	-	175	-	-	-	Renewal
Community Services	3	FURNITURE AND EQUIPMENT	A	-	7	-	-	-	New
Community Services	3	ESTABLISHMENT OF NEW CEMETAR	A	351	1 349	-	-	-	New
Community Services	3	COMPUTER EQUIPMENT 1	A	-	8	-	-	-	New
Community Services	3	FURNITURE AND EQUIPMENT 1	A	-	37	-	-	-	New
Corporate Services	4	COMPUTER EQUIPMENT 1	C	-	27	-	-	-	New
Corporate Services	4	UPGRADE OF MUNICIPAL BUILDINGS	C	-	150	-	-	-	Renewal
Corporate Services	4	FURNITURE AND EQUIPMENT	C	30	-	-	-	-	New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	C	-	99	-	-	-	New
Corporate Services	4	COMPUTER EQUIPMENT 1	C	-	53	-	-	-	New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	C	-	14	-	-	-	New
Corporate Services	4	COMPUTER EQUIPMENT	C	-	58	-	-	-	New
Corporate Services	4	FURNITURE AND EQUIPMENT 1	C	-	12	-	-	-	New
Financial Services	5	FURNITURE AND EQUIPMENT	E	53	-	-	-	-	New
Financial Services	5	FURNITURE AND EQUIPMENT	E	-	110	-	-	-	New
Financial Services	5	COMPUTER EQUIPMENT 1	E	-	61	-	-	-	New
Financial Services	5	FURNITURE AND EQUIPMENT 1	E	-	95	-	-	-	New
Financial Services	5	INTEGRATED IT SYSTEM	E	6	94	-	-	-	New
Financial Services	5	COMPUTER EQUIPMENT 1	E	-	72	-	-	-	New
Financial Services	5	COMPUTER EQUIPMENT	E	-	219	-	-	-	New
Financial Services	5	DR SERVER/STORAGE PROJECT	E	-	-	384	-	-	New
Financial Services	5	MAIN BUILDING NETWORK SWITCH	E	-	-	328	-	-	Renewal
Financial Services	5	COMPUTER REPLACEMENT	E	-	-	124	-	-	Renewal
Financial Services	5	WIRELESS EQUIPMENT	E	-	-	264	-	-	Renewal
Financial Services	5	UPS FOR SITES PROJECTS	E	-	-	99	-	-	Renewal
Financial Services	5	TRAINING ROOM PROJECTS	E	-	-	104	-	-	New
Financial Services	5	WIRELESS UPGRADES	E	-	-	155	-	-	New
Financial Services	5	MANAGEMENT SOFTWARE	E	-	-	15	-	-	New
Financial Services	5	UPGRADE OF MUNICIPAL BUILDINGS	E	-	150	-	-	-	Renewal
Financial Services	5	UPGRADE OF SERVER ROOM	E	-	350	-	-	-	Renewal
Financial Services	5	FURNITURE AND EQUIPMENT 1	E	-	10	10	-	-	New
Financial Services	5	COMPUTER EQUIPMENT	E	-	47	-	-	-	New
Financial Services	5	METER READING SYSTEM	E	-	350	-	-	-	Renewal
Financial Services	5	COMPUTER EQUIPMENT 1	E	-	134	-	-	-	New
Financial Services	5	WATER MANAGEMENT DEVICES	E	-	-	1 000	1 000	-	New
Financial Services	5	LEASED VEHICLES	E	-	135	-	-	-	Renewal
Financial Services	5	FURNITURE AND EQUIPMENT	E	-	90	-	-	-	Renewal
Financial Services	5	COMPUTER EQUIPMENT 1	E	-	142	-	-	-	New
Financial Services	5	FURNITURE AND EQUIPMENT	E	-	165	-	-	-	New
Strategic Services	6	TOOLS AND EQUIPMENT	A	-	4	-	-	-	New
Strategic Services	6	COMPUTER EQUIPMENT 1	A	-	19	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT 1	A	-	4	-	-	-	New



Municipal Vote/Capital project  R thousand	Ref	Program/Project description	IDP Goal code 2	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information  New or renewal
				Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Strategic Services	6	FURNITURE & EQUIPMENT	C	-	42	-	-	-	New
Strategic Services	6	FENCING	C	206	78	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT 1	B	-	16	-	-	-	New
Strategic Services	6	COMPUTER EQUIPMENT 1	B	-	9	-	-	-	New
Strategic Services	6	PARKING FACILITIES	B	-	85	-	-	-	Renewal
Strategic Services	6	PARKING FACILITIES 2	B	-	215	-	-	-	Renewal
Strategic Services	6	FURNITURE AND EQUIPMENT	B	12	-	-	-	-	New
Strategic Services	6	COMPUTER EQUIPMENT 1	B	-	17	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT 1	B	-	16	-	-	-	New
Strategic Services	6	COMPUTER EQUIPMENT 1	B	-	9	-	-	-	New
Strategic Services	6	FURNITURE AND EQUIPMENT	B	-	10	-	-	-	New
Municipal Services and Infrastructure D	7	LANDSCAPING & PEDESTRIAN NMT	A	3 328	-	-	-	-	New
Municipal Services and Infrastructure D	7	TOOLS AND EQUIPMENT	A	-	45	-	-	-	New
Municipal Services and Infrastructure D	7	STORM WATER IMPROVEMENTS 3	A	-	-	797	1 037	-	Renewal
Municipal Services and Infrastructure D	7	LEASED VEHICLES	A	-	880	-	-	-	Renewal
Municipal Services and Infrastructure D	7	REHABILITATION OF STREET 1	A	-	2 000	-	1 000	-	Renewal
Municipal Services and Infrastructure D	7	REHABILITATION OF STREET 3	A	-	-	-	3 000	3 000	Renewal
Municipal Services and Infrastructure D	7	FURNITURE AND EQUIPMENT	A	27	-	-	-	-	New
Municipal Services and Infrastructure D	7	KRANSHOEK TAXI ROUTE	A	6 578	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	TAXI ROUTE	A	-	1 216	7 755	-	-	New
Municipal Services and Infrastructure D	7	REHABILITATION OF STREETS LOAN	A	3 879	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	BEACON WAY SLIP	A	2 178	-	-	-	-	New
Community Services	3	WASTE TRANSFER STATION (G)	A	-	4 386	2 627	-	-	New
Community Services	3	WASTE TRANSFER STATION	A	-	-	5 000	5 000	-	New
Community Services	3	LEASED VEHICLES	A	-	270	-	-	-	Renewal
Community Services	3	WASTE COMPACTORS	A	-	2 708	-	-	-	New
Municipal Services and Infrastructure D	7	UPGRADE SEWER PUMP STATION	A	351	-	600	-	-	New
Municipal Services and Infrastructure D	7	SERVICES LINKED TO HOUSING PRO	A	271	-	-	-	-	New
Municipal Services and Infrastructure D	7	RELOCATION OF P/S POOTJIES	A	461	-	-	-	-	New
Municipal Services and Infrastructure D	7	RELOCATION OF P/S POOTJIES	A	1 347	10 789	-	-	-	Renewal
Municipal Services and Infrastructure D	7	UPGRADE SEWER PUMP STATIONS	A	-	600	-	-	-	Renewal
Municipal Services and Infrastructure D	7	RELOCATION OF P/S -POORTJIES	A	-	4 000	-	-	-	Renewal
Municipal Services and Infrastructure D	7	POORTJIES EMBANKMENT PROTEC	A	-	350	-	-	-	New
Municipal Services and Infrastructure D	7	BOSSIEGIF SERVICES	A	3 033	-	-	-	-	New
Municipal Services and Infrastructure D	7	KURLAND TREATMENT WORKS	A	-	515	-	-	-	Renewal
Municipal Services and Infrastructure D	7	KWANO OUTFALL SEWER	A	-	-	-	3 000	3 000	Renewal
Municipal Services and Infrastructure D	7	TOOLS AND EQUIPMENT	A	-	60	-	-	-	New
Municipal Services and Infrastructure D	7	KRANSHOEK PUMPSTATION	A	3 800	-	-	-	-	New
Municipal Services and Infrastructure D	7	FURNITURE AND EQUIPMENT	A	20	-	-	-	-	New
Municipal Services and Infrastructure D	7	POORTJIES EMBANKMENT PRO-CR	A	-	230	-	-	-	New
Municipal Services and Infrastructure D	7	UPGRADING OF GANSEVALLEI WAST	A	-	-	1 000	1 600	-	New
Municipal Services and Infrastructure D	7	Refurbishment of Sewer Pump[gr	A	-	1 000	3 000	-	-	Renewal
Municipal Services and Infrastructure D	7	ELECTRIFICATION HOUSING PROGR	A	2 178	-	5 000	5 000	6 000	New
Municipal Services and Infrastructure D	7	NETWORK VOLTAGE & DEMAND ME	A	-	43	-	-	-	New
Municipal Services and Infrastructure D	7	HV & MV TEST &SAFETY EQUIPMEN	A	-	500	-	-	-	New
Municipal Services and Infrastructure D	7	BULK MET UPGRD TO FACLTATE AN	A	-	745	-	-	-	Renewal

Municipal Vote/Capital project  R thousand	Ref  4	Program/Project description	IDP Goal code 2	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information  New or renewal
				Audited Outcome 2012/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Municipal Services and Infrastructure D	7	NETWORK & SERVCES UPGRD KWANO	A	-	2 850	-	-	-	New
Municipal Services and Infrastructure D	7	RELOCATION 386 ELEC SERV QOLW	A	-	1 637	-	-	-	Renewal
Municipal Services and Infrastructure D	7	COMMISS OF SEWER PUMPSTAT KL	A	-	180	-	-	-	New
Municipal Services and Infrastructure D	7	RELOCATE 386 ELEC SERV QOLWEN	A	-	1 013	-	-	-	Renewal
Municipal Services and Infrastructure D	7	UPGRADE OF BRAKKLOOF NETWORK	A	219	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	EQUIPMENT (LOAN)	A	14	-	-	-	-	New
Municipal Services and Infrastructure D	7	NETWORK UPGRADE AND EXTENTIO	A	-	-	-	-	-	Renewal
Municipal Services and Infrastructure D	7	COMPUTER EQUIPMENT	A	-	16	-	-	-	New
Municipal Services and Infrastructure D	7	TOOLS AND EQUIPMENT	A	-	70	-	-	-	New
Municipal Services and Infrastructure D	7	SUBSTATIONS UPGRADES & REPLA	A	-	1 270	-	-	-	Renewal
Municipal Services and Infrastructure D	7	UPGRADE MV CABLES PLETT	A	-	-	1 500	-	-	Renewal
Municipal Services and Infrastructure D	7	HIGH MAST LIGHTS	A	-	-	351	1 400	1 900	New
Municipal Services and Infrastructure D	7	MINI SUBS 2	A	-	-	500	-	-	Renewal
Municipal Services and Infrastructure D	7	LEASED VEHICLES	A	-	1 080	-	-	-	Renewal
Municipal Services and Infrastructure D	7	1st PHASE-DEDICATED CABLE TO E	A	-	-	3 760	-	-	New
Municipal Services and Infrastructure D	7	SERVICES LINKED TO HOUSING PRO	A	3 396	-	-	-	-	New
Municipal Services and Infrastructure D	7	NATURES VALLEY OZONE PLANT	A	-	580	-	-	-	Renewal
Municipal Services and Infrastructure D	7	TOOLS AND EQUIPMENT	A	-	70	90	150	175	New
Municipal Services and Infrastructure D	7	COMPUTER EQUIPMENT 1	A	-	8	-	-	-	New
Municipal Services and Infrastructure D	7	FURNITURE AND EQUIPMENT	A	-	1	-	-	-	New
Municipal Services and Infrastructure D	7	RETICULATION UPGRADES & REPLA	A	-	-	400	1 000	-	Renewal
Municipal Services and Infrastructure D	7	KEURBOOMS WATER SUPPLY AND	A	1 759	737	-	3 400	3 000	New
Municipal Services and Infrastructure D	7	LEASED VEHICLES	A	-	770	-	-	-	Renewal
Municipal Services and Infrastructure D	7	WATER DEMAND MANAGEMENT (PR	A	-	-	150	200	250	New
Municipal Services and Infrastructure D	7	GENERATORS	A	558	292	-	-	-	New
Municipal Services and Infrastructure D	7	ROODEFONTEIN DAM UPGRADES 3	A	-	-	-	500	2 000	Renewal
Municipal Services and Infrastructure D	7	NATURES VALLEY OZONE PLANT	A	-	250	-	-	-	Renewal
Municipal Services and Infrastructure D	7	SUPPLY TO KWANO AND SURROUND	A	5 874	8 437	5 061	-	-	New
Municipal Services and Infrastructure D	7	WATER TREATMENT WORK UPGRA	A	-	-	-	2 409	2 370	New
0	0	0	-	-	-	-	-	-	0
Total Capital expenditure				40 758	72 809	42 528	35 046	28 623	

## 4.12 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

### 1. In year reporting

Reporting to National Treasury in electronic format is fully complied with on a monthly basis up until the last section 71 reporting to the Executive Mayor (within 10 working days) and has progressively improved and includes monthly published financial performance on Bitou Municipality's website.

2. **Internship program**  
Bitou Municipality is participating in the Municipal Financial Management Internship program. There are currently eleven interns with five of them funded in the FMG in the current financial year of which it will be increased to fund eight in the 2014/2015 financial year.
3. **Budget and Treasury Office**  
The Budget and Treasury Office has been established in accordance with the MFMA and guidelines for establishment of BTO as issued by Provincial Treasury.
4. **Audit Committee**  
An Audit Committee has been established and is fully functional.
5. **Service Delivery and Implementation Plan**  
The detail SDBIP document is submitted as draft with the draft MTREF and will be approved with the 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 MTREF.
6. **Annual Report**  
Annual report is compiled in terms of the MFMA and National Treasury requirements. The annual report was tabled in Council on 20 March 2014 and has been approved and adopted by Council.
7. **Minimum competency training**  
Minimum competency training is underway and all required staff members are enrolled for the completion of the required training. Extension for the compliance has been granted by the National Treasury. Our participation in this program is in line with the assessment of current skills pool and capacity building to ensure less reliance on consulting services.
8. **Policies**  
Various policy amendments are proposed as part of the budget process, all policies being revised are to be made available with budget documentation for public input.

### 4.13 Other supporting documents

**Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		65 415	69 812	83 816	99 947	104 747	104 747	104 747	110 314	116 933	123 948
less Revenue Foregone		2 276	3 082		9 500	9 500	9 500	9 500	9 330	9 890	10 483
<b>Net Property Rates</b>		63 139	66 730	83 816	90 447	95 247	95 247	95 247	100 984	107 043	113 464
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue		75 116	89 623	93 897	105 478	102 541	102 541	102 541	109 308	117 786	124 469
less Revenue Foregone		616	647		3 063	3 063	3 063	3 063	2 457	2 629	2 800
<b>Net Service charges - electricity revenue</b>		74 500	88 977	93 897	102 415	99 478	99 478	99 478	106 851	115 157	121 669
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue		28 362	29 994	30 965	36 656	36 794	36 794	36 794	40 022	41 940	44 037
less Revenue Foregone		107	16		2 318	2 318	2 318	2 318	3 798	3 988	4 187
<b>Net Service charges - water revenue</b>		28 256	29 979	30 965	34 338	34 476	34 476	34 476	36 224	37 952	39 850
<b>Service charges - sanitation revenue</b>	6										
Total Service charges - sanitation revenue		25 259	28 085	32 053	39 461	39 989	39 989	39 989	41 816	43 830	46 021
less Revenue Foregone					4 296	3 148	3 148	3 148	3 101	3 256	3 419
<b>Net Service charges - sanitation revenue</b>		25 259	28 085	32 053	35 165	36 841	36 841	36 841	38 715	40 574	42 603
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		13 742	16 184	18 069	25 031	25 031	25 031	25 031	29 079	30 483	32 128
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone		-	0	-	4 027	3 014	3 014	3 014	2 599	2 742	2 893
<b>Net Service charges - refuse revenue</b>		13 742	16 184	18 069	21 004	22 017	22 017	22 017	26 479	27 741	29 235
<b>Other Revenue by source</b>											
Sundry Fees		2 007	682	3 477	811	830	830	830	999	1 039	1 061
Augmentation Fees		3 636	1 550	563	1 005	592	592	592	860	895	931
Building Plan Fees		1 394	1 026	1 479	1 000	1 201	1 201	1 201	1 050	1 092	1 136
Conservancy Charges		775	840	1 100	1 085	1 123	1 123	1 123	1 139	1 185	1 232
Re-/Disconnection Fees		185	156	798	750	355	355	355	356	370	385
Town Planning Fees		93	123	313	340	340	340	340	357	371	386
Collection Fees Recovered		-	-	613	750	750	750	750	788	827	-
Connection Fees		265	292	400	367	199	199	199	251	261	272
Signage		-	2	2	24	13	13	13	13	14	14
Services Connections: Prepaid		96	76	82	43	64	64	64	84	88	91
LG Seta Grant		213	382	-	250	800	800	800	-	350	-
Other	3	68	1 518	5 038	31	2 942	2 942	2 942	289	322	321
<b>Total 'Other' Revenue</b>	1	8 732	6 647	13 866	6 455	9 209	9 209	9 209	6 186	6 813	5 828

**Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance  
(Continued)**

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
<b>EXPENDITURE ITEMS:</b>											
<b><u>Employee related costs</u></b>											
Basic Salaries and Wages	2	64 866	62 251	65 364	80 906	78 122	78 122	78 122	95 164	101 637	108 142
Pension and UIF Contributions		8 610	8 501	9 102	11 421	11 140	11 140	11 140	13 000	14 622	14 853
Medical Aid Contributions		8 334	8 166	8 219	11 121	8 650	8 650	8 650	11 528	13 562	14 430
Overtime		4 031	3 242	4 045	2 830	3 426	3 426	3 426	2 971	3 161	3 364
Performance Bonus		–	–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		5 719	5 464	5 293	5 522	5 865	5 865	5 865	6 896	7 510	7 990
Cellphone Allowance		839	709	705	381	715	715	715	738	802	854
Housing Allowances		618	717	557	843	480	480	480	858	1 166	1 240
Other benefits and allowances		2 559	3 135	3 643	3 866	4 637	4 637	4 637	4 382	4 821	5 126
Payments in lieu of leave		1 955	1 892	3 026	2 180	2 068	2 068	2 068	2 628	2 961	3 151
Long service awards		379	630	616	657	660	660	660	699	727	757
Post-retirement benefit obligations	4	4 249	6 113	8 368	7 798	7 828	7 828	7 828	7 818	8 807	9 371
sub-total	5	102 158	100 822	108 939	127 524	123 591	123 591	123 591	146 683	159 775	169 278
Less: Employees costs capitalised to PPE		–	–	–	–	–	–	–	–	–	–
Total Employee related costs	1	102 158	100 822	108 939	127 524	123 591	123 591	123 591	146 683	159 775	169 278
<b><u>Contributions recognised - capital</u></b>											
[Default]		–	–	–	–	–	–	–	–	–	–
<b>Total Contributions recognised - capital</b>											
		–	–	–	–	–	–	–	–	–	–
<b><u>Depreciation &amp; asset impairment</u></b>											
Depreciation of Property, Plant & Equipment		16 591	19 015	19 330	21 095	21 095	21 095	21 095	22 821	27 090	32 473
Lease amortisation		–	–	–	–	–	–	–	–	–	–
Capital asset impairment		177	5 168	10 239	–	–	–	–	–	–	–
Depreciation resulting from revaluation of PPE	10	–	–	–	–	–	–	–	–	–	–
Total Depreciation & asset impairment	1	16 768	24 183	29 568	21 095	21 095	21 095	21 095	22 821	27 090	32 473
<b><u>Bulk purchases</u></b>											
Electricity Bulk Purchases		50 582	56 600	70 486	77 382	73 449	73 449	73 449	79 354	90 258	97 479
Water Bulk Purchases		–	–	140	200	244	244	244	339	361	385
Total bulk purchases	1	50 582	56 600	70 626	77 582	73 693	73 693	73 693	79 694	90 620	97 864
<b><u>Transfers and grants</u></b>											
Cash transfers and grants		169	632	2 332	2 630	2 554	2 554	2 554	2 700	2 950	3 112
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	169	632	2 332	2 630	2 554	2 554	2 554	2 700	2 950	3 112
<b><u>Contracted services</u></b>											
Consultant Fees		7 918	–	–	–	–	–	–	–	–	–
IT Support		–	3 623	1 552	1 836	1 836	1 836	1 836	2 045	2 127	2 212
Security Services		–	5 322	5 066	3 416	4 666	4 666	4 666	4 981	5 196	5 412
Revenue Enhancement Services		–	–	2 896	3 350	3 350	3 350	3 350	2 000	2 000	1 000
Valuation Roll		–	–	2 130	500	600	600	600	450	470	490
Financial Support Services		–	–	2 280	1 000	1 000	1 000	1 000	1 300	1 450	–
PMS System		192	122	137	420	840	840	840	234	242	255

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand												
Policies Revision	1	-	-	-	110	110	110	110	200	106	112	
Transport Plans		131	-	-	30	30	30	30	30	31	32	
Waste Transfer Services		-	-	2 031	4 010	4 010	4 010	4 010	2 331	2 100	3 000	
Re-/Disconnection Of Services		-	-	134	250	250	250	250	263	273	284	
Desalination Plant		-	1 932	1 116	1 650	1 650	1 650	1 650	1 766	1 836	1 950	
Traffic Support Services		-	-	1 535	2 900	2 300	2 300	2 300	2 600	2 704	2 812	
Internal Audit Services		-	-	-	558	498	498	498	718	747	777	
Water Safety And Security Plan		30	-	-	67	67	67	67	68	71	74	
Water Audit		200	-	-	-	-	-	-	-	-	-	
[Default]		-	-	-	-	-	-	-	-	-	-	
sub-total		1	8 472	10 999	18 876	20 097	21 207	21 207	21 207	18 986	19 354	18 410
Allocations to organs of state:												
Electricity		-	-	-	-	-	-	-	-	-	-	
Water		-	-	-	-	-	-	-	-	-	-	
Sanitation		-	-	-	-	-	-	-	-	-	-	
Other		-	-	-	-	-	-	-	-	-	-	
Total contracted services			8 472	10 999	18 876	20 097	21 207	21 207	21 207	18 986	19 354	18 410
Other Expenditure By Type												
Collection costs	3	1 226	996	901	750	750	750	750	788	827	860	
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-	
Consultant fees		-	-	1 080	2 709	3 091	3 091	3 091	2 969	3 088	3 179	
Audit fees		2 222	1 063	1 407	1 649	2 399	2 399	2 399	2 416	2 512	2 613	
General expenses		20 961	30 320	5 007	5 686	7 023	7 023	7 023	7 957	7 167	5 708	
Repairs and Maintenance		14 793	10 240	9 413	11 853	13 200	13 200	13 200	16 242	16 177	17 251	
Systems & Licences		919	1 723	1 846	3 294	3 488	3 488	3 488	3 640	3 911	2 607	
Communication & Marketing		5 059	2 743	2 134	2 775	2 737	2 737	2 737	2 953	3 140	2 823	
Major Operating Grant Expenses		29 384	10 827	42 599	65 431	69 457	69 457	69 457	67 454	26 863	32 140	
Service Expenses		2 945	2 227	1 466	2 669	2 871	2 871	2 871	4 194	4 366	4 540	
Renting & Hiring		4 559	4 013	3 957	6 830	7 240	7 240	7 240	6 735	7 005	7 300	
Insurance		719	994	1 020	1 425	1 424	1 424	1 424	1 479	1 539	1 600	
Administration Expenses		12 070	11 385	11 652	10 849	9 533	9 533	9 533	12 538	11 718	11 546	
Training & Development		4 400	1 446	2 621	2 737	3 150	3 150	3 150	2 326	2 320	2 305	
Total 'Other' Expenditure		1	99 259	77 976	85 104	118 656	126 363	126 363	126 363	131 691	90 633	94 472
Repairs and Maintenance												
Employee related costs	8	-	-	-	-	-	-	-	-	-	-	
Other materials	-	-	-	-	-	-	-	-	-	-	-	
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	
Other Expenditure	14 793	10 240	9 413	11 853	13 200	13 200	13 200	16 242	16 177	17 251		
Total Repairs and Maintenance Expenditure	9	14 793	10 240	9 413	11 853	13 200	13 200	13 200	16 242	16 177	17 251	

Table 60 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

R thousand	Description	Ref	Vote 1 - Council	Vote 2 - Office of the Municipal Manager	Vote 3 - Community Services	Vote 4 - Corporate Services	Vote 5 - Financial Services	Vote 6 - Strategic Services	Vote 7 - Municipal Services and Infrastructure	Total
<b>Revenue By Source</b>		1								
Property rates	Property rates - penalties & collection charges		–	–	–	–	100 984	–	–	100 984
Service charges - electricity revenue	Service charges - electricity revenue		–	3 485	–	–	–	–	–	3 485
Service charges - water revenue	Service charges - water revenue		–	–	–	–	–	–	106 851	106 851
Service charges - sanitation revenue	Service charges - sanitation revenue		–	–	–	–	–	–	36 224	36 224
Service charges - refuse revenue	Service charges - refuse revenue		–	–	–	–	–	–	38 715	38 715
Service charges - other	Service charges - other		–	–	26 479	–	–	–	–	26 479
Rental of facilities and equipment	Rental of facilities and equipment		–	–	563	–	–	–	–	–
Interest earned - external investments	Interest earned - external investments		–	2 189	–	9	450	751	–	1 322
Interest earned - outstanding debtors	Interest earned - outstanding debtors		–	–	–	–	–	–	–	2 639
Dividends received	Dividends received		–	–	–	–	–	–	–	–
Fines	Fines		–	–	–	–	–	–	–	–
Licences and permits	Licences and permits		–	–	5 300	–	–	–	–	5 300
Agency services	Agency services		–	74	–	–	–	–	–	74
Other revenue	Other revenue		–	–	1 439	–	–	–	–	1 439
Transfers recognised - operational	Transfers recognised - operational		2 400	1 124	457	–	144	1 760	2 701	6 186
Gains on disposal of PPE	Gains on disposal of PPE		–	18 976	77 129	–	5 305	–	13 456	117 266
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>2 400</b>	<b>25 847</b>	<b>111 367</b>	<b>9</b>	<b>106 882</b>	<b>2 511</b>	<b>197 947</b>	<b>446 964</b>
<b>Expenditure By Type</b>										
Employee related costs	Employee related costs		–	13 357	53 454	9 761	21 268	13 375	35 468	146 683
Remuneration of councillors	Remuneration of councillors		5 032	–	–	–	–	–	–	5 032
Debt impairment	Debt impairment		–	175	1 327	–	4 794	–	–	15 920
Depreciation & asset impairment	Depreciation & asset impairment		49	55	3 923	268	1 186	1 360	15 980	22 821
Finance charges	Finance charges		–	–	1 990	3	76	1 475	10 293	13 837
Bulk purchases	Bulk purchases		–	–	–	–	–	–	79 694	79 694
Other materials	Other materials		43	116	675	198	428	179	1 598	3 237
Contracted services	Contracted services		–	5 318	4 971	100	6 016	454	2 126	18 986
Transfers and grants	Transfers and grants		–	460	–	–	–	2 240	–	2 700
Other expenditure	Other expenditure		710	6 531	69 735	11 813	17 935	(2 651)	27 627	131 691
Loss on disposal of PPE	Loss on disposal of PPE		80	–	–	–	–	–	–	80
<b>Total Expenditure</b>			<b>5 915</b>	<b>26 013</b>	<b>136 075</b>	<b>22 143</b>	<b>51 692</b>	<b>16 432</b>	<b>182 411</b>	<b>440 681</b>
<b>Surplus/(Deficit)</b>			<b>(3 515)</b>	<b>(166)</b>	<b>(24 707)</b>	<b>(22 135)</b>	<b>55 190</b>	<b>(13 921)</b>	<b>15 536</b>	<b>6 283</b>
Transfers recognised - capital	Transfers recognised - capital		–	–	–	–	–	–	26 914	26 914
Contributions recognised - capital	Contributions recognised - capital		–	–	–	–	–	–	–	–
Contributed assets	Contributed assets		–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>			<b>(3 515)</b>	<b>(166)</b>	<b>(24 707)</b>	<b>(22 135)</b>	<b>55 190</b>	<b>(13 921)</b>	<b>42 450</b>	<b>33 197</b>

Table 61 MBRR Table SA3 – Supporting detail to Statement of Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
R thousand												
<b>ASSETS</b>												
<b>Call investment deposits</b>												
Call deposits < 90 days	2	10 191	27 044	10 522	35 000	35 000	35 000	35 000	35 000	75 000	110 000	
Other current investments > 90 days		—	—	—	—	—	—	—	10 000	15 000	30 000	
<b>Total Call investment deposits</b>		<b>10 191</b>	<b>27 044</b>	<b>10 522</b>	<b>35 000</b>	<b>35 000</b>	<b>35 000</b>	<b>35 000</b>	<b>45 000</b>	<b>90 000</b>	<b>140 000</b>	
<b>Consumer debtors</b>												
Consumer debtors	2	67 072	84 550	80 567	98 751	95 576	95 576	95 576	104 332	113 633	123 452	
Less: Provision for debt impairment		(30 820)	(41 253)	(39 247)	(67 333)	(54 535)	(54 535)	(54 535)	(63 449)	(72 879)	(82 912)	
<b>Total Consumer debtors</b>		<b>36 252</b>	<b>43 298</b>	<b>41 320</b>	<b>31 418</b>	<b>41 041</b>	<b>41 041</b>	<b>41 041</b>	<b>40 883</b>	<b>40 753</b>	<b>40 540</b>	
<b>Debt impairment provision</b>												
Balance at the beginning of the year	2	23 501	30 820	41 253	52 314	39 516	39 516	39 516	54 535	63 449	72 879	
Contributions to the provision		12 683	11 637	13 101	15 019	15 019	15 019	15 019	15 920	16 870	17 888	
Bad debts written off		(5 364)	(1 205)	(15 106)	—	—	—	—	(7 005)	(7 440)	(7 856)	
<b>Balance at end of year</b>		<b>30 820</b>	<b>41 253</b>	<b>39 247</b>	<b>67 333</b>	<b>54 535</b>	<b>54 535</b>	<b>54 535</b>	<b>63 449</b>	<b>72 879</b>	<b>82 912</b>	
<b>Property, plant and equipment (PPE)</b>												
PPE at cost/valuation (excl. finance leases)	3	690 523	785 762	806 620	835 454	878 487	878 470	878 470	921 593	956 638	985 261	
Leases recognised as PPE		3 421	8 095	2 793	3 752	3 752	3 752	3 752	3 143	3 143	3 143	
Less: Accumulated depreciation		165 987	187 861	188 482	224 347	209 207	209 228	209 228	231 695	258 405	290 467	
<b>Total Property, plant and equipment (PPE)</b>	2	<b>527 958</b>	<b>605 996</b>	<b>620 930</b>	<b>614 859</b>	<b>673 032</b>	<b>672 994</b>	<b>672 994</b>	<b>693 041</b>	<b>701 376</b>	<b>697 938</b>	
<b>LIABILITIES</b>												
<b>Current liabilities - Borrowing</b>												
Short term loans (other than bank overdraft)		—	—	—	—	—	—	—	—	—	—	
Current portion of long-term liabilities		7 851	9 444	11 169	12 795	12 795	12 795	12 795	13 531	14 423	14 815	
<b>Total Current liabilities - Borrowing</b>		<b>7 851</b>	<b>9 444</b>	<b>11 169</b>	<b>12 795</b>	<b>12 795</b>	<b>12 795</b>	<b>12 795</b>	<b>13 531</b>	<b>14 423</b>	<b>14 815</b>	
<b>Trade and other payables</b>												
Trade and other creditors	2	62 487	33 383	30 635	46 893	46 893	46 893	46 893	37 069	40 776	44 853	
Unspent conditional transfers		33 981	40 915	24 964	—	—	8 330	8 330	8 330	8 330	8 330	
VAT		—	4 973	—	—	—	—	—	—	—	—	
<b>Total Trade and other payables</b>		<b>96 468</b>	<b>79 271</b>	<b>55 599</b>	<b>46 893</b>	<b>46 893</b>	<b>55 223</b>	<b>55 223</b>	<b>45 399</b>	<b>49 106</b>	<b>53 183</b>	
<b>Non current liabilities - Borrowing</b>												
Borrowing	4	93 951	114 009	116 331	113 867	113 867	113 867	113 867	110 130	105 621	90 806	
Finance leases (including PPP asset element)		804	1 702	275	3 052	3 052	330	330	206	87	—	
<b>Total Non current liabilities - Borrowing</b>		<b>94 754</b>	<b>115 711</b>	<b>116 607</b>	<b>116 920</b>	<b>116 920</b>	<b>114 198</b>	<b>114 198</b>	<b>110 336</b>	<b>105 707</b>	<b>90 806</b>	
<b>Provisions - non-current</b>												
Retirement benefits	2	37 524	57 541	60 963	65 339	65 339	65 339	65 339	73 828	84 973	97 468	
List other major provision items												
Refuse landfill site rehabilitation		6 274	6 744	—	7 434	7 434	7 434	7 434	—	—	—	
Other		4 216	1 139	—	4 330	4 330	4 330	4 330	—	—	—	
<b>Total Provisions - non-current</b>		<b>48 014</b>	<b>65 424</b>	<b>60 963</b>	<b>77 103</b>	<b>77 103</b>	<b>77 103</b>	<b>77 103</b>	<b>73 828</b>	<b>84 973</b>	<b>97 468</b>	
<b>CHANGES IN NET ASSETS</b>												
<b>Accumulated Surplus/(Deficit)</b>												
Accumulated Surplus/(Deficit) - opening balance	1	406 037	437 851	494 600	487 305	533 821	533 821	533 821	579 540	647 347	692 576	
GRAP adjustments		2 926	0	—	—	—	—	—	—	—	—	
Restated balance		408 963	437 851	494 600	487 305	533 821	533 821	533 821	579 540	647 347	692 576	
Surplus/(Deficit)		28 128	9 108	44 221	35 934	55 725	55 725	55 725	33 197	37 214	43 930	
Appropriations to Reserves		(20 534)	—	(5 000)	—	—	—	(12 048)	(8 783)	(4 950)	(7 153)	
Transfers from Reserves		21 294	1 342	—	—	—	—	10 048	6 783	1 950	4 153	
Depreciation offsets		—	—	—	—	—	—	—	—	—	—	
Other adjustments		0	46 299	0	0	(584)	(6 192)	(8 006)	36 611	11 015	11 967	
<b>Accumulated Surplus/(Deficit)</b>			<b>437 851</b>	<b>494 600</b>	<b>533 821</b>	<b>523 240</b>	<b>588 963</b>	<b>583 354</b>	<b>579 540</b>	<b>647 347</b>	<b>692 576</b>	<b>745 473</b>
<b>Reserves</b>												
Housing Development Fund	2	1 042	—	—	—	—	—	—	—	—	—	
Capital replacement		300	—	5 000	2 000	2 000	2 000	7 000	9 000	12 000	15 000	
Self-insurance		—	—	—	—	—	—	—	—	—	—	
Other reserves		—	—	—	—	—	—	—	—	—	—	
Revaluation		—	—	—	—	—	—	—	—	—	—	
<b>Total Reserves</b>		<b>1 342</b>	<b>—</b>	<b>5 000</b>	<b>2 000</b>	<b>2 000</b>	<b>2 000</b>	<b>7 000</b>	<b>9 000</b>	<b>12 000</b>	<b>15 000</b>	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>439 193</b>	<b>494 600</b>	<b>538 821</b>	<b>525 240</b>	<b>590 963</b>	<b>585 354</b>	<b>586 540</b>	<b>656 347</b>	<b>704 576</b>	<b>760 473</b>	



Table 62 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2010/11	2011/12	2012/13	Current Year 2013/14	2014/15 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population		Census info and Growth Rate	29 182	39 905	49 162	49 162	54 568	57 489	60 567	63 810	67 227	70 826
Females aged 5 - 14		Census info and Growth Rate	2 581	3 357	4 002	4 002	4 370	4 568	4 774	4 989	5 215	5 451
Males aged 5 - 14		Census info and Growth Rate	2 435	3 153	3 743	3 743	4 079	4 258	4 445	4 641	4 844	5 057
Females aged 15 - 34		Census info and Growth Rate	5 668	7 297	8 637	8 637	9 400	9 803	10 226	10 669	11 129	11 610
Males aged 15 - 34		Census info and Growth Rate	5 564	7 349	8 847	8 847	9 708	10 171	10 656	11 164	11 696	12 254
Unemployment		Census info and Growth Rate	3 692	5 429	7 019	7 019	7 982	8 511	9 076	9 678	10 320	11 005
<b>Monthly household income (no. of households)</b>												
No income	1, 12	Census info and Growth Rate	1 586	2 331	3 013	3 013	3 425	3 652	3 894	4 152	4 427	4 720
R1 - R4,800		Census info and Growth Rate	386	567	732	732	832	886	945	1 007	1 074	1 145
R4,801 - R9,600		Census info and Growth Rate	482	708	915	915	1 040	1 108	1 181	1 259	1 343	1 431
R9,601 - R19,600		Census info and Growth Rate	1 437	2 112	2 730	2 730	3 103	3 309	3 528	3 762	4 011	4 277
R19,601 - R38,200		Census info and Growth Rate	1 726	2 537	3 279	3 279	3 727	3 974	4 238	4 516	4 818	5 137
R38,201 - R76,4000		Census info and Growth Rate	1 209	1 777	2 297	2 297	2 611	2 784	2 968	3 165	3 375	3 598
R76,401 - R153,800		Census info and Growth Rate	789	1 160	1 498	1 498	1 703	1 816	1 936	2 065	2 201	2 347
R153,801 - R307,600		Census info and Growth Rate	587	863	1 115	1 115	1 267	1 351	1 441	1 536	1 638	1 746
R307,601 - R614,400		Census info and Growth Rate	351	516	666	666	757	808	861	918	978	1 043
R614,001 - R1,228,800		Census info and Growth Rate	131	193	250	250	284	302	323	344	367	391
R1,228,801 - R2,457,600		Census info and Growth Rate	44	64	83	83	93	99	106	113	120	127
R2,457,601+		Census info and Growth Rate	35	52	67	67	75	80	86	91	97	103
<b>Poverty profiles (no. of households)</b>												
< R2 060 per household per month	13	Census info and Growth Rate	1 702	2 501	3 233	3 233	3 675	3 919	4 178	4 455	4 750	5 065
Insert description	2	Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
<b>Household/demographics (000)</b>												
Number of people in municipal area		Census info and Growth Rate	29 182	39 905	49 162	49 162	54 568	57 489	60 567	63 810	67 227	70 826
Number of poor people in municipal area		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Number of households in municipal area		Census info and Growth Rate	8 763	12 878	16 645	16 645	18 923	20 177	21 514	22 939	24 459	26 080
Number of poor households in municipal area		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Definition of poor household (R per month)		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
<b>Housing statistics</b>												
Formal	3	Census info and Growth Rate	7 285	10 098	12 586	12 586	14 061	14 864	15 713	16 612	17 564	18 572
Informal		Census info and Growth Rate	1 478	2 710	4 059	4 059	4 968	5 496	6 080	6 726	7 441	8 231
Total number of households			8 763	12 808	16 645	16 645	19 029	20 360	21 793	23 338	25 005	26 803
Dwellings provided by municipality	4	Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Dwellings provided by province/s		Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Dwellings provided by private sector	5	Census info and Growth Rate	-	-	-	-	-	-	-	-	-	-
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
<b>Economic</b>												
Inflation/inflation outlook (CPIX)	6					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest rate - borrowing						0.0%	0.0%	0.0%	0.0%	5.8%	0.0%	0.0%
Interest rate - investment						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Remuneration increases						0.0%	0.0%	0.0%	6.8%	6.8%	6.8%	6.8%
Consumption growth (electricity)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Consumption growth (water)						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Collection rates</b>												
Property tax/service charges	7					0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rental of facilities & equipment						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue from agency services						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

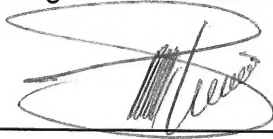
#### 4.14 Municipal manager's quality certificate

I Felix Lötter, acting municipal manager of Bitou Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: F M Lötter

Acting Municipal Manager of Bitou Municipality (WC047)

Signature:



Date

31 March 2014